



TFSA Investors: Turn Your \$6,000 Contribution Into \$100,000 in 20 Years

Description

Long-term investing in equity markets is one of the top strategies to create wealth. If you can hold quality companies in tax-sheltered vehicles such as a Tax-Free Savings Account (TFSA), the wealth creation process can be accelerated. TFSA is an ideal registered account as dividends and capital gains are exempt from Canada Revenue Agency taxes.

The TFSA contribution limit for 2020 is \$6,000 and this increases every year after being adjusted for inflation. You can use \$6,000 to buy quality dividend stocks on the **TSX** and benefit from the TFSA's tax-advantaged status as well as compounded returns.

A quality high yielding stock for your TFSA

One top stock you can consider for your TFSA is **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)). Brookfield is part of the high-growth renewable energy sector and is well poised to generate market-beating returns in the upcoming decade.

According to a **Goldman Sachs** [report](#), "Renewable power will become the largest area of spending in the energy industry in 2021, on our estimates, surpassing upstream oil & gas for the first time in history, driven by bifurcating cost of capital (up to 20% for long-term oil projects, down to 3-5% for renewables)."

Unlike fossil fuel prices that are extremely volatile due to supply and demand metrics, costs associated with renewable energy such as wind and solar [are governed by](#) Moore's law. This means clean energy tech will get cheaper in the upcoming decade.

Brookfield Renewable Partners is a renewable energy giant and is one of the largest publicly-traded companies in this space. Its portfolio consists of 19,300 megawatts of capacity and 5,288 generating facilities across North America, South America, Asia, and Europe.

BEP aims to deliver annualized total returns of 12% to 15% that includes annual distribution increases between 5% and 9% from organic cash flow growth and development. BEP has established a stellar

track record by its focus on acquiring, financing, and managing renewable assets. The company is a global leader in hydroelectric power that accounts for 74% of its total portfolio.

In 2019, BEP increased FFO (funds from operations) per unit by 13% as it focused on accretive growth and operational performance. It also advanced commercial priorities that helped it deliver cost savings initiatives totalling \$40 million on an annualized basis.

How long will it take for \$6,000 to grow to \$100,000?

Shares of Brookfield Renewable Partners are trading at \$71.04 and returned 90% in the last five years. If the company manages to achieve its 15% target of total annualized returns, it will take just over 20 years for you to convert \$6,000 into \$100,000.

BEP stock has a dividend yield of 4.2%. This means that a \$6,000 investment will yield \$252 in annual dividend payments. However, if we estimate an 8% growth in annual dividends, these payments will rise to \$1,088 by the end of two decades.

We can see why BEP is a top pick for your TFSA given its expanding addressable market, robust balance sheet, and focus on delivering stellar double-digit returns to shareholders.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

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Author
araghunath

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