3 Tips on How to Turn a $10,000 TFSA Into $1,000,000 Faster

Description

Turning a $10,000 Tax-Free Savings Account (TFSA) into $1,000,000 doesn't have to be a dream. Turn it into reality with these three tips: make monthly contributions, focus on growth, and receive dividends.

Make monthly contributions

All wealth building starts with some seed money. Some people get it from an inheritance, but more often than not, we need to save our own seed money.

Especially at the start of your wealth building, periodic contributions would help tremendously towards your goal of a $1,000,000 TFSA.

You can make yourself save $6,000 a year, $1,500 a quarter, or $500 a month — all equivalent amounts. I don't know about you, but I think it's the easiest to save when you make it into a habit to save small amounts more often. So, you probably have a better chance of achieving $6,000 of annual savings by saving $500 a month or even $250 every two weeks from your paycheque.

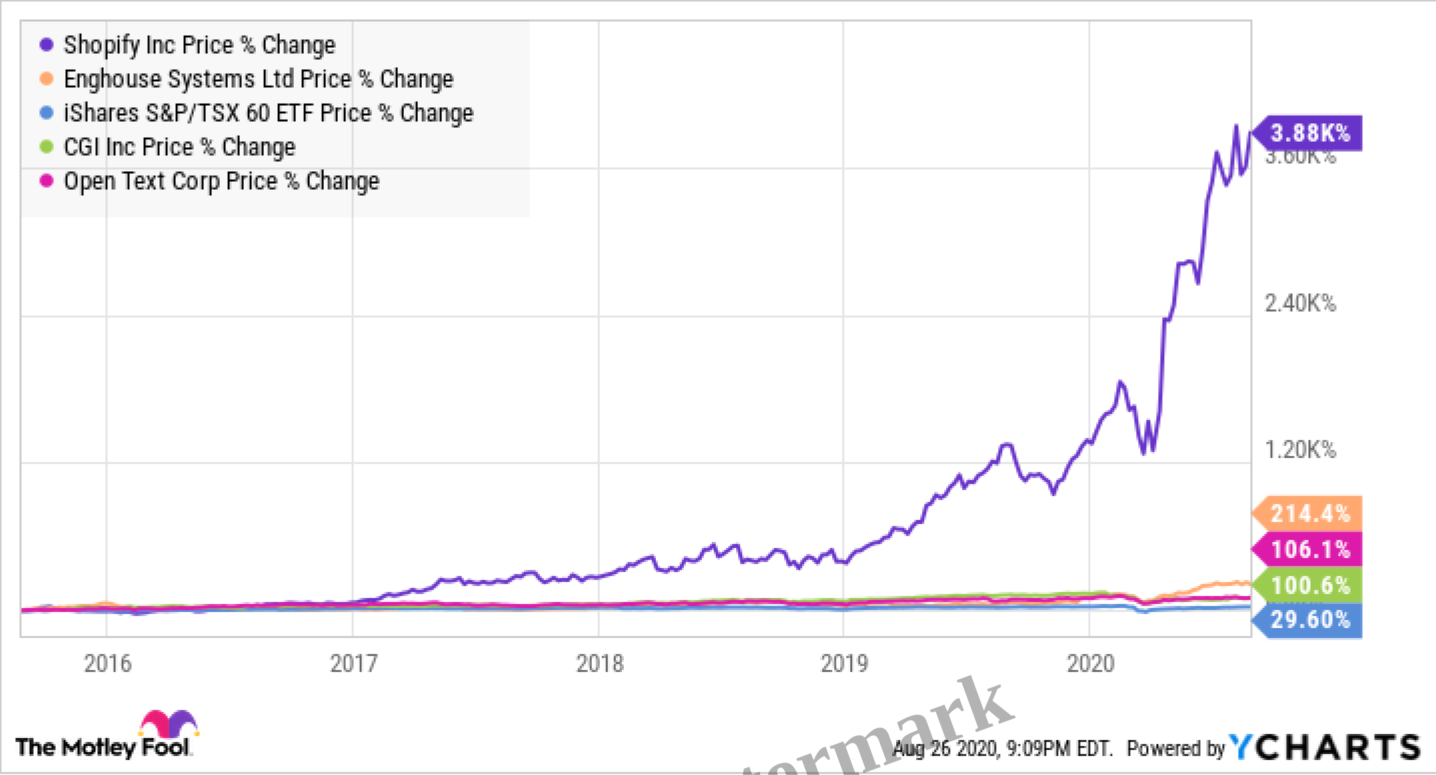
You can even set up your chequing account to transfer those amounts automatically to your TFSA so that you don't see it and won't spend it. Pay yourself first!

Focus on growth

Growth stocks have simply outperformed other stocks by miles. The chart below compares the price performance of growth stocks **Enghouse**, **CGI**, and **Open Text** to the Canadian stock market. In the past five years, they've outperformed the market by six times and more than two times, respectively.

Data by YCharts.

If you hit the jackpot on a growth stock monster like **Shopify**, the wealth that you'd create would belittle even the gains from the above growth stocks. Investors who gain insight from Motley Fool Canada's *Stock Advisor* service could have been early investors of growth stocks like Shopify and others. Shopify has turned $10,000 into nearly $280,000 in five years. These are the kinds of stocks that can drive your TFSA to $1,000,000 way sooner than you think possible!



Data by YCharts.

Receive dividends

Warren Buffett loves to receive dividends. So do we. That's why Motley Fool Canada also provides a specialized *Dividend Investor* service.

Why do I love receiving dividends? Dividend stocks pay me for being a shareholder no matter what the stock price does. So, safe dividend stocks are excellent complementary holdings for growth stocks in a diversified stock portfolio.

We all need money to pay for the bills: rent/mortgage, food, hydro, gas, internet, entertainment, etc.

We'd want to hold on to our growth stocks, well, for long-term growth. However, in the meantime, we also need to pay the bills. Dividend stocks are great for that. Gratefully, many also have a growth component.

One of my favourite safe dividend stocks for stable growth is **Brookfield Infrastructure Partners**. It has always paid good income while outperforming its peers and the market in terms of total returns. Additionally, BIP is diversified by geography and asset type. So, whenever the stock dips meaningfully, I'd highly consider buying more.

Currently, the utility stock offers a cash distribution yield of 4.3%. Investing $10,000 in your TFSA would generate income of about $430 a year.

The Foolish takeaway

Everything is difficult in the beginning. You'll need to work hard to get your seed money going.

Initially, your investments may seem small and the returns might not seem much, but if you keep working at it by making monthly contributions and investing in growth or safe dividend stocks, it'll turn into something big. I promise!

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