



## 3 Tips to Reach a \$1,000,000 TFSA

### Description

Tax-Free Savings Accounts (TFSAs) are the fastest way to save \$1 million. By protecting your capital from taxes while it grows, your money compounds faster.

But there's another advantage: TFSA savings are tax free upon [withdrawal, which](#) can cut years off your investing timeline. There's no better way to save money quickly.

Want to achieve a \$1 million TFSA? Follow me.

### Compound your interest

Albert Einstein reportedly said that compound interest is the most powerful force in the universe. Whether or not he actually said that, the sentiment is completely true. Let's run through an example.

The TFSA annual contribution maximum is currently set at \$6,000. If you invest that sum annually for five years, earning a 10% rate of return, you'll end up with \$40,000. No bad! Your contributions totalled just \$30,000, meaning you netted a profit of \$10,000.

Now, let's let compound interest do its thing. Instead of saving for five years, let's say you continue for a decade. In this scenario, your contributions would grow to \$105,000.

This math is truly magical. Your contributions in this case totalled \$60,000, which means your investment gains totalled \$45,000. That's *four times* higher than the previous example, even though the savings period was only double the length.

Here's the takeaway: compound interest means that the longer your money stays in a TFSA, that *faster* it grow.

### Build your habits

Of course, you don't want to stop at \$105,000. You want to acquire a TFSA worth \$1 million or more.

How do you do that?

Compound interest plays a big part. So does patience. But the biggest thing you'll need to attain is good habits.

The math part is easy. Simply stash away a regular sum of money every year for a few decades. The actions required to do that, however, can be hard.

The best trick is to implement *automatic contributions*. Nearly every TFSA allows for this. For example, you can have \$250 automatically withdrawn from your bank account each month, with the proceeds deposited into your TFSA. You don't have to lift a finger!

If you want to save consistently, don't trust yourself. Instead, trust an algorithm. Establish automatic contributions today, even if the monthly sum begins small.

## Pick great TFSA stocks

Picking great [stocks](#) is the final puzzle piece. After all, your money will only grow as fast as the stocks its invested in.

Just looks at a company like **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)). Since 2000, this stock has delivered 15% annual gains. Let's put that into perspective.

If you invested the TFSA limit of \$6,000 per year, and earned 15% annual returns, you would now have \$700,000! It would only take three more years to pass the \$1 million mark.

Brookfield Renewable achieved these returns by being in the right place at the right time. The renewable energy industry is exploding in value. Over the last five years, \$1.5 trillion was invested globally. Over the next five years, investment should surpass \$5 trillion.

It's possible that Brookfield's returns will only strengthen over time. That's the benefit of riding a market with secular tailwinds.

If you want to grow your TFSA as quickly as possible, identify companies like this.

### CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. 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
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