



## Canada Revenue Agency: This TFSA Trick Works Every Time

### Description

TFSA's can make you a millionaire. In fact, they could be the *fastest* way to reach the \$1 million mark. All you need to do is use these accounts properly.

It's a shame that so many Canadians squander their tax advantages. These accounts allow you to protect an unlimited amount of capital gains from taxes, yet many investors pick [low-growth stocks](#). The worst sin is that millions of Canadians open a TFSA but consistently fail to fully fund them.

If you want to take full advantage of your TFSA, you must learn the tricks below.

### Become a robot

Humans aren't perfect. In fact, we're *far* from perfect. We all know that regular saving is important, but, in reality, few make the effort to do so.

Small contributions really add up, especially if they're in a TFSA. Let's run the numbers.

This year, the TFSA [contribution maximum](#) is \$6,000. Dividend stocks like **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) have generated 10% annual returns for decades. If you invest \$6,000 per year and earn 10% annual returns, you'll reach \$1 million in 30 years. Remember, this is starting with zero savings.

You can go even faster by contributing additional capital, or by finding stocks with annual returns above 10%. But one fact is clear: the only way to amass wealth is to save regularly.

How good at saving are you? Did you contribute to your portfolio this month? What about the month before?

If you're like most investors, you may have long stretches without contributing additional capital. That's a mistake. To harness the magic of compound interest, you must put money to work on a regular basis.

The reason most investors fail to regularly contribute capital to their TFSA's is the *default choice*

phenomenon. Humans will tend to choose the option that requires the least amount of energy. Basically, we're lazy.

Unless you actively decide to contribute capital this month, you won't. It requires effort. Your default choice is to *not* invest more.

The best way to combat this human weakness is to transform your default choice to work in your favour. That's possible with automatic deposits. Nearly every TFSA allows for this.

For example, you can go into your account and establish recurring deposits from your bank account. To hit the TFSA annual limit, you can have \$500 withdrawn each month, automatically invested into the stocks of your choice. Even a smaller \$100 monthly deposit can go a long way.

## Our top TFSA stocks

With automatic deposits, your default choice is flipped. By doing nothing, you invest more and more each month. You've become a robot in the best way possible.

Of course, all that money still needs to be invested. Businesses with monopoly-like characteristics, including Enbridge, are proven long-term winners. But if you want to cut your investment horizon in *half*, go with higher-growth tech stocks. These businesses can double or triple in value in a single year.

High-growth TFSA stocks can be hard to find, but the required research is worth it considering the immense impact they can have on your portfolio.

### CATEGORY

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

### TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)

### PARTNER-FEEDS

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

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**Date**

2025/08/25

**Date Created**

2020/09/19

**Author**

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