# How to Safely Turn Your $12,000 TFSA Into $15,000 in 3 Years

**Description**

It's hard to remember the last time the stock market was this volatile and the environment this unpredictable. While we are closer to the advent of a safe and effective vaccine than back in February and March, there's no telling just how bad the next wave of selling will be, as coronavirus cases drastically worsen going into winter. It's a scary situation that's about to get much scarier, but that shouldn't have you sitting on the sidelines with your TFSA contributions.

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## TFSA investors should invest despite uncertainties

If you want to grow your TFSA wealth and leverage the power of long-term tax-free compounding, you need to stay the course. Yes, we could be on the verge of a historic double-dip market crash. Still, with an accommodative U.S. Fed that's likely more than willing to limit the market's downside, I'd say now is as good a time as any to put your TFSA funds to work in attractively valued stocks utility stocks that may be able to avoid bearing the brunt of the damage come the next vicious pullback.

I've been urging TFSA investors to beef up the defensive portion of their portfolio for months. While Steady Eddie utility stocks like **Emera** (TSX:EMA) won't make you filthy rich on a vaccine breakthrough, they will help you keep your wits as the next wave of fear grips the market. With a low 0.2 beta, Emera is one of those regulated utilities that has a limited dependence on the broader economy's state for its success.

## Playing defence without having to compromise on growth

It's not just Emera's low correlation to the broader markets that makes the name perfect for your TFSA; it's the firm's well-covered dividend (currently yielding 4.6%) and management's focus on increasing the quality of its operations. Over the years, Emera has been increasing its mix of regulated assets. A higher degree of regulation means fewer surprises, and in an environment like this, a lack of surprises ought to demand a premium price of admission. Right now, though, Emera stock is more or less trading in line with its intrinsic value range.

As the company continues investing heavily in higher-ROIC, regulated projects (the company's $7.5 billion three-year capital plan could fuel ample dividend growth), I suspect Emera stock could be subject to a bit of multiple expansion, as TFSA investors flock to defensive names with a high degree of earnings growth clarity.

Despite the COVID-19 impact, Emera's three-year capital plan looks to be on track, although management did state that it plans to shift a greater chunk of capital investments to next year. Should the COVID crisis worsen enough to spark further lockdowns in 2021, Emera stock could fall under a bit of pressure, especially if its three-year plan slowly turns into a four-year one. Any such pressure, I believe, will be nothing less than a buying opportunity, as the firm's long-term fundamentals have never looked better, despite the horrific environment.

## The Foolish takeaway for TFSA investors

Emera is a resilient utility that I suspect will hold its own in a late-2020 sell-off and would encourage investors to load up on shares if their TFSA portfolios are lacking in defensive positions. While Emera is completely immune from downside in the next crash, its low beta and well-covered dividend should insulate the impact and smoothen volatility spikes.

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So, if you have $12,000 in TFSA cash, now is as good a time as any to put it to work in a resilient utility like Emera, which can help you grow your wealth slowly and steadily over the next three years (potentially to $15,000), regardless of whether we're still in a pandemic by the end of the timespan.

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