



Do You Have \$5,000 to Put in Your TFSA? Here's How it Can Become \$50,000

Description

If you're looking to turn \$5,000 into \$50,000, you'll likely need some sort of investment account to keep your assets in. Fortunately, Canadians have the luxury to choose between two very solid options. A Tax-Free Savings Account (TFSA) or a Registered Retirement Savings Plan (RRSP).

Both TFSAs and RRSPs have their own benefits and drawbacks. Contributions to an RRSP can be made on a pre-tax basis, which in turn can be used to lower your taxable income. The drawback is that RRSP withdrawals are taxable.

Investing in a Tax-Free Savings Account

Canadians are only eligible to contribute post-taxed income to a TFSA, but withdrawals can be made completely tax-free. As a result, investors can use a TFSA for both [short- and long-term goals](#). In comparison to an RRSP, which is primarily intended for long-term retirement savings.

If you're working toward a goal of \$50,000, it's likely for a shorter-term objective, rather than retirement. So once you've decided on investing in a TFSA, now comes the part of selecting the investments that will help your \$5,000 investment grow to \$50,000.

For investors with a mid- to long-term time horizon, I've covered two companies that have grown more than 1,000% over the past decade. While there is never a guaranteed return of investment when owning stocks, there are plenty of TSX companies that could help turn your \$5,000 investment into \$50,000.

Constellation Software

Considering this tech stock is up 3,000% over the past decade, it might come as a surprise that **Constellation Software** ([TSX:CSU](#)) isn't a household name amongst Canadian investors.

The \$30 billion company develops customized software for clients across the globe. Clients are split by public and private sector divisions. Public sector clients typically consist of government-related contracts, whereas private sector customers can range from a wide list of different industries, often

which are very niche.

A gain of 3,000% would be more than enough to turn [\\$5,000 into \\$50,000](#). Growth has slowed as of late, though, as shares are up only 500% over the past five years. Still, at that pace, it would take less than 10 years to turn \$5,000 into \$50,000, and growth of 500% is a whole lot more than any Canadian exchange-traded-fund or mutual fund could have provided over the past five years.

Enghouse Systems

Sticking with the trend of under the radar Canadian tech stocks, **Enghouse Systems** ([TSX:ENGH](#)) has delivered growth of more than 1,250% to shareholders over the past decade.

Enghouse Systems is also in the business of software development. And due to certain areas of specialization, the company has seen a strong lift in demand for its software this year.

The \$3.5 billion tech company specializes in developing software in three key areas that have witnessed explosive growth this year, remote work, visual computing, and telecommunications networks. As a result of the pandemic, the percentage of employees working from home this year has sky-rocketed, leading to Enghouse Systems stock being up 25% since the beginning of 2020.

If Enghouse Systems were to repeat the same type of growth it had over the past decade, it would take less than 10 years for a \$5,000 investment to turn into \$50,000. But with no investment ever been guaranteed, it could very well take more than 10 years. But there's no reason why it couldn't be less than 10 years either.

Foolish bottom line

Both tech companies that I've covered have a proven track record of delivering market-beating growth, and the future is still extremely bright.

If you have time on your side, either of these two stocks would be an excellent choice for a TFSA investment.

CATEGORY

1. Investing
2. Tech Stocks

POST TAG

1. constellation software
2. CSU
3. ENGH
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5. Tax-free saving account
6. tech stocks
7. TFSA
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TICKERS GLOBAL

1. TSX:CSU (Constellation Software Inc.)
2. TSX:ENGH (Enghouse Systems Ltd.)

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Date

2025/08/18

Date Created

2020/11/12

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