



1 Trick to Max Out Your TFSA Every Time

Description

You can become a millionaire with a Tax-Free Savings Account (TFSA). The process takes time, but the math is clear. The biggest challenge is to maximize how much you're contributing.

In 2020, the annual contribution limit is \$6,000 — the same as 2019. But there's actually a trick that could let you save *much* more than that.

Automate your life

Sometimes it's good to be a robot. Robots can be programmed to do tasks over and over. They never ask questions and don't miss a beat.

The same can't be said of humans, however. We all know that regular saving is important, but few of us succeed. Reflect on the last few times you contributed to your TFSA. Was it a pretty regular pattern, or were their multi-month gaps between deposits?

If you want to maximize your contributions, simply automate your deposits. Most accounts allow for this.

For example, you can have \$500 automatically withdrawn from your bank account each month, with the proceeds directed to your TFSA. At that rate, you'll accumulate \$6,000 in savings every 12 months like clockwork. There's no need to lift a finger.

If you can afford to stash away \$500 every month, establish automatic contributions today. It's the best gift you can give to your future self.

If you can't afford that monthly sum, don't worry. Instead, choose a number you're comfortable with. Even \$50 per month can add up.

The important thing is to get your TFSA contributions automated. From there, you just need to up the dollar amount as your finances allow.

Here's a secret

Here's something a lot of people don't realize: you can't lose contribution room. It [rolls](#) forward year to year.

Let's say you opened a TFSA this year but have never contributed a single penny. You may think your annual maximum is \$6,000, but it could be much more than that.

TFSA contribution room begins to accrue when you turn 18. If you turned 18 in 2009, the year it was introduced, you would have accumulated more than a decade of annual contribution room. The total would be nearly \$70,000!

The lesson here is simple: don't think you're automatically bound by this year's annual limit. Your personal limit could be much higher.

Best TFSA stocks

Once you start automated contributions, the next step is to get the money invested. Dividend stocks like **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) are a popular choice.

Enbridge delivers a dividend yield of 8%. That's a lot better than a savings account. Enbridge can do this because it's a cash flow machine. It owns pipelines across North America, which are pretty similar to toll roads. But instead of cars, pipelines transport fossil fuels.

As long as North America continues to produce ample quantities of crude oil and natural gas, Enbridge's dividend is safe.

Enbridge is a solid TFSA holding, but you likely won't [triple](#) your money in a single year with this stock. To accomplish that, you need to look for businesses like **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)).

Shopify is considered a platform business. These stocks can grow 30 times in value in a handful of years. That's because they simply build the basic infrastructure, allowing other companies to build on top. You can get the power of thousands of companies in a single investment.

Shopify is a more mature platform stock, with a market cap above \$100 billion, but there are still plenty of early-stage investments with lucrative long-term upside.

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TICKERS GLOBAL

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2. NYSE:SHOP (Shopify Inc.)

3. TSX:ENB (Enbridge Inc.)
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