Got $5,000 to Invest in Your TFSA? Here's How to Turn it Into $150K in 15 Years

Description

If you have a Tax-Free Savings Account (TFSA), you likely already know the huge benefits of having one. Since its creation in 2009, the TFSA contribution limit has grown by a couple thousand dollars each year. As of writing, the limit stands at $69,500 after increasing by $6,000 back in January. It's likely a similar increase of around $5,000 will happen again next year when a new TFSA limit is announced.

But the TFSA limit has to be used correctly! You don't (and shouldn't) put your entire contribution room towards one stock. Instead, even just $5,000 can help add over a hundred thousand dollars in to your TFSA. Especially if you have time to wait.

Using your TFSA limit

So if you plan to simply put aside $5,000 each year towards your TFSA, then you can use your TFSA limit to make you more in returns each year. While $5,000 sounds like a lot, consider this. Simply put aside 10% of each pay cheque towards investing. That means if you're making $50,000 per year, there's your $5,000 right there!

You can then either make monthly contributions, or if you're not as active of an investor, simply has that $5,000 on hand for when your stock of choice dips. Or, save up to that $5,000 and invest, knowing you can then hold onto those stocks for decades. The buy and hold approach almost guarantees you'll see your stock rise substantially, given time.

Top TFSA stocks

Next, you'll want to have choices on hand for when you're ready to invest that $5,000. You'll want to likely go with blue-chip companies. These are companies that have been around for decades, if not longer, offer strong returns, stable dividend payouts, and have a strong future outlook. Two suchstocks to consider in this case are **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) and **NorthWest Healthcare Properties REIT** (TSX:NWH.UN).

TD Bank is the perfect stock for investors looking for strong returns, but don't want to pay top prices. This bank has been growing substantially, expanding into the United States where it's now a top 10 bank in the country. It's expanded into wealth and commercial management, and provides multiple ways for businesses and clients to pay back loans. It's also one of the largest banks by market capitalization at $121 billion as of writing.

Because of the market outlook for the next year, TD Bank is undervalued. The bank bounced out of the last recession with flying colours, and will eventually do so again. In the last five years, investors have seen returns of 51%, with a compound annual growth rate (CAGR) of 10.35%. It also offers a strong 4.82% dividend yield as of writing.

Then there's NorthWest. This company has been soaring with the investment into healthcare properties. It's already been growing, with revenue continuing to pour in. That's because healthcare properties sign on to leases for several years, so the company continues to see around 99% occupancy! Revenue in fact jumped to 10.8% increase year over year during the last quarter, with shares now at 113% return in the last five years, for a CAGR of 16.35% during that same time.

Bottom line

By investing now in an undervalued market, you're lining up to make a killing. Say you were to invest $2,500 into each stock. Even if both were to remain on a steady, even conservative track similar to the last decade, you would still bring in $154,190.96 in the next 15 years — all from just $5,000.

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TICKERS GLOBAL

1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
3. TSX:TD (The Toronto-Dominion Bank)

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