



CRA: How to Make \$1 Million Without Paying Taxes

Description

Making \$1 million is a dream for most people, but it can be a reality. Even better, you can get there while paying no taxes at all.

All you need to do is follow three simple steps.

The first part is easy

Want to pay zero taxes? Open a TFSA.

TFSAs let you avoid taxes on your investments for as long as the money is kept in the account. And when it's time for withdrawals, those are tax free, too.

The path to \$1 million gets significantly easier with a TFSA. Just don't think that opening an account is the end. You must fill your TFSA with as much cash as possible. As the saying goes, it takes money to make money.

You can trust yourself to contribute regularly to your investment account, but that's a losing move. The fastest way to \$1 million isn't by believing you'll suddenly be a great saver in the future. You need to turn yourself into a robot.

Turn yourself into a robot

Avoiding taxes is automatic once you have a TFSA. Your next goal should be to make your contributions [automatic](#).

Most investment accounts allow you to establish recurring deposits. For example, you can have \$100 withdrawn from your bank account each week, with the proceeds deposited into your TFSA.

Once in motion, recurring deposits require no further action. You can sit on the couch and watch TV, yet every week, another \$100 will be invested on your behalf.

Few people establish recurring deposits, even though behavioural research suggests they're the fastest way to reach \$1 million. You completely remove human fallibility from the equation, trusting an algorithm instead.

Stocks to reach \$1 million

Investing with a TFSA eliminates the need to pay taxes. Recurring deposits ensure you always have more money put to work on a regular basis. The final step is to pick stocks to invest in.

Many long-term investors turn to dividend stocks like **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)). RBC shares pay a 4.1% dividend, and throughout history, have consistently generated double-digit annual returns.

To be sure, steady-growth dividend stocks like RBC can produce immense wealth over several decades. But if you want to reach \$1 million as fast as possible, you need to look elsewhere.

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) is a perfect example. This is a software business, meaning growth can be exceptionally rapid. To expand, Shopify simply needs a customer to sign up online. This asset-light model helped SHOP stock rise 33 times in value over the last five years.

Another advantage Shopify has is that it's a [platform](#) business. These stocks are the secret to building a \$1 million portfolio fast.

Normal companies are in charge of their own growth. If a car manufacturer wants to come out with a new model, it has to design and manufacture everything itself. No one is going to do it for them.

Platform businesses are the opposite. Shopify simply built a basic e-commerce platform, allowing others to build on top, monetizing their creations as they go. This approach allows growth to go exponential.

Attaining \$1 million isn't easy, but platform stocks like Shopify give you a big boost.

CATEGORY

1. Dividend Stocks
2. Investing
3. Tech Stocks

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1. NYSE:RY (Royal Bank of Canada)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:RY (Royal Bank of Canada)
4. TSX:SHOP (Shopify Inc.)

PARTNER-FEEDS

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