



CRA: This TFSA Trick Wins Every Time

Description

You can make millions with a TFSA, with the entire sum being tax free. It's the greatest deal the CRA has ever provided Canadian citizens.

Just don't think the road to riches is easy. The vast majority of savers will never reach the \$1 million mark, but if you do the work, this future can be yours.

There's one trick in particular that you *must* master. If you don't, your TFSA fortune may never materialize.

This is the first step

The first step isn't necessarily a trick as much as it's common sense. Before you try to become a TFSA millionaire, get the rest of your financial house in order.

I can't tell you how many people think they'll get rich through stock picking, even though they still have high-interest debt or elevated spending levels. You can't get rich if a huge chunk of your income goes towards loan payments or unnecessary consumption.

It takes money to make money. With a TFSA, you can contribute up to \$6,000 every year. If you're not hitting that limit, focus on maximizing your contributions before diving deeper into stock selection.

Here's the trick

Contribution levels matter. As you'll see, the best TFSA trick you can use is a direct function of how much you put in.

Let's assume you start with \$0 and maximize your annual contributions, putting in \$6,000 per year. If you earn 10% annual returns, you'll reach \$1,000,000 within 30 years. It's as [simple](#) as that.

This trick doesn't involve magic or sleight of hand. All you need to do is maximize your TFSA

contributions year after year.

How many people do you think will achieve this? Not many. That's why you need to implement *automatic* contributions.

Most investment accounts allow you to automatically deposit money each month. For example, you can pull \$500 from your bank account each month, with the proceeds going to your TFSA. This way, you'll hit the \$6,000 mark by the end of the year without lifting a finger.

Only when you maximize your contributions should you spend significant time picking stocks.

Best TFSA stocks

Not every stock is suitable for tax-free accounts. You want to choose [carefully](#).

Consider **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)). This is a reliable dividend stock, posting total annual returns of 10% since 1995. All of those returns are tax free with a TFSA, but that doesn't mean dividend stocks are your best bet.

Contrast Enbridge with **Constellation Software** ([TSX:CSU](#)), a company that has never paid a dividend until this year.

Because it retained all of its earnings, Constellation was able to grow much faster, posting 20% annual gains since 2006. If you want to get \$1 million in your TFSA as fast as possible, you need growth stocks like this.

The key is that Enbridge doesn't have unlimited growth opportunities. It's a pipeline owner, and there is a natural limit to how many pipelines are necessary.

Constellation, meanwhile, is a software business. Its reach is truly global. All customers need to do is click a virtual download link. Growth is rapid and cheap — a perfect fit for TFSAs.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Tech Stocks

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:CSU (Constellation Software Inc.)
3. TSX:ENB (Enbridge Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin

3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Tech Stocks

Date

2025/06/30

Date Created

2020/11/29

Author

rvanzo

default watermark

default watermark