



Got \$6,763 to Invest in a TFSA? Turn It Into \$2.7 Million!

Description

Some Canadian parents are having a lot of struggles right now, and it's very likely that these parents are millennials. Unfortunately for us, millennials were born in a recession, entered the job market during a recession, and are now trying to raise kids, juggle a job, and make all those basic payments during an economic crisis *and* [pandemic](#).

What did we do wrong?

Meanwhile, our baby boomer parents are still on their way to retirement. Yet if there's one thing our parents aren't that great at, it's investing. Sure, there were GICs and bonds that did well then and set them up for retirement. However, many baby boomers haven't considered opening up a Tax-Free Savings Account (TFSA), as they have other means of reaching retirement goals.

The TFSA is millennial perfection

Sorry millennials, but we aren't that much better at investing. Whether you blame parental influence or not, we're great at saving but just don't know how to invest. This is a huge problem, because that means you're leaving a TFSA idle and ignoring the potential for strong tax-free income!

Investing can seem like gambling. But here's the difference. Gambling is anyone's guess. There is no rhyme or reason to a gamble. While there are risky, new stocks you might be wary to bet on, investing is different. If you can find strong stocks that are set to do well no matter the market condition, and hold onto those stocks for decades, that's not a gamble. That's an investment.

It's hard times

I get it. I'm a millennial parent who is trying to keep a house afloat during this economic crisis. Meanwhile, my kids were home for months while I was trying to work from home. Either my finances struggled, or my kids did. If you're a parent, you know: you choose the kids.

So that's why my investments became even more important, and using my TFSA contribution limit. The limit total for this year is \$69,500. While I don't have that much cash lying around, I do get payments from the Child Care Benefit (CCB). I look at the CCB as extra cash that I can use to invest in my TFSA. That way, I can pay my household needs with my income, and use CCB payments for investments.

If you have one child under six, and make \$31,711 or less, that means you have \$6,763 each year in CCB payments. That's quite a bit to invest! All you need now is the perfect stock.

Algonquin Utilities

There are a few reasons to invest in **Algonquin Power & Utilities Ltd.** ([TSX:AQN](#))([NYSE:AQN](#)). The company at its core is a utility company. That means it keeps the lights on no matter what's going on with the economy. While the pandemic hurt it during the beginning, now that everyone is back to work Algonquin is performing at peak once again.

But Algonquin is also looking toward the future vis a vis green power. The company has been growing through acquisitions over the last several years, and is now investing in green energy projects. As oil and gas go the way of coal, these projects will set up long-term investors with serious cash decades from now.

But you don't have to wait decades to see tax-free income. The company has seen an 136% [increase](#) in returns in the last five years and a compound annual growth rate (CAGR) of 20% in the last decade! Meanwhile, it offers a 4% dividend yield to bring in passive income you can reinvest in the stock.

Bottom line

If you were to invest that \$6,763 and invest in Algonquin, you could then reinvest the dividends to set you up for even retirement three decades from now. That small investment could create a portfolio worth \$2.7 million in 30 years if returns remain the same! And that's without adding a cent. Now *that's* a good investment.

CATEGORY

1. Coronavirus
2. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:AQN (Algonquin Power & Utilities Corp.)

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