



How to Turn a \$6,000 TFSA Into \$100,000

Description

Good news! The TFSA contribution limit for 2021 is \$6,000. Assuming you're just starting your TFSA next year, instead of contributing a lump sum of \$6,000, it might be easier to contribute \$500 a month to get to \$6,000 by the end of the year.

Saving regularly and maxing out your TFSA every year is the fuel that will get your tax-free account growing initially. Later on, as your portfolio grows, your investments can grow much faster than your contributions. You just need to keep working at it.

The TFSA contribution limit will increase over time — indexed to inflation and rounded to the closest \$500. Keeping it simple, we assume the TFSA contribution limit remains at \$6,000 for future years, it'll take 17 years of contributions to reach +\$100,000.

If you get a 10% rate of return in your TFSA portfolio, it'll only take 10 years to reach +\$100,000. 57% of the portfolio would be your annual savings of \$6,000. 43% or \$45,187 would come from your investment returns.

If you get a 10% return, earn a 3% yield, and reinvest all the income (also for a 10% return), you'll reach +\$100,000 in just over eight years.

Investing is not just about getting high returns. You also need to consider the underlying risks of an investment and the amount of effort and time you need to put into managing your portfolio.

The average long-term stock market return is 10%. If you aim for a 10% rate of return, you can shoot for low-risk stocks that require minimal management on your part.

Where to invest your TFSA for 10% returns

Jamieson Wellness ([TSX:JWEL](#)) is [set up to grow at least 10% per year](#). This year, management forecasts revenue growth of approximately 15%, driven by 10-12% domestic growth and 40-50% international growth in its Jamieson Brands segment. It also estimates adjusted EBITDA and adjusted

earnings per share growth of about 14% and more than 12%, respectively.

Jamieson's personal health products (vitamins, minerals, and supplements) can be purchased online at **Amazon** and **Costco**. Alternatively, consumers can conveniently pick up what they need when they make their regular visits to a grocery or drug store like a Superstore, London Drugs, or Shoppers Drug Mart.

Importantly, Jamieson has also unlocked the huge Chinese market, where authentic products of high quality are sought after. As of Q1, it sells 21 of its products in China.

The stock has been incredibly resilient during this pandemic, as it only corrected about 10% in the March market crash, after which it recovered swiftly and climbed to a new all-time high in October. The recent +20% correction is a decent entry point to buy a starter position in the growth stock.

Management noted that the pandemic could influence its operations, such as affect its supply chain or force the temporary closures of its manufacturing facilities. Any negative impacts will weigh on the stock in the near term.

Jamieson has a strong balance sheet. As well, it has ample coverage for its growing dividend that yields 1.4%, at the recent quotation of below \$35 per share.

The Foolish takeaway

To turn a \$6,000 [TFSA](#) into \$100,000 within a reasonable timeframe, you need to max out your TFSA every year. Then carefully select your stock investments and aim for a minimum return of 10% a year.

Amazingly, after you reach a \$100,000 TFSA, it'll only take another five years to get to +\$200,000 using the same method.

CATEGORY

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1. TSX:JWEL (Jamieson Wellness Inc.)

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Author

kayng

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