



CRA: This TFSA Trick Will Make You Rich

Description

Want to get rich? Use a TFSA. The ability to avoid taxes on all your capital gains and dividends is almost a superpower. You won't get chances like this often.

But having a tax-free account doesn't mean you'll automatically get rich. It's critical that you invest in stocks that make the most of your advantages.

Don't buy these stocks

A lot of people can't resist the opportunity to receive tax-free dividends. That's not necessarily a bad impulse.

Consider **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)). This stock has delivered double-digit annual gains for decades. A lot of the return came from the dividend, which averaged 4-5% per year.

There's only one problem: these stocks usually won't deliver huge gains. That's a shame considering your TFSA will shield an unlimited amount of gains from taxes.

Companies usually pay a dividend, because they don't have enough internal investment opportunities. If they had worthwhile investments to make, they wouldn't release that cash to the outside world.

You know what kind of businesses don't have ample reinvestment opportunities? Slow-growth stocks. Companies that want to retain that cash have enough firepower to grow fast. These are the best targets for TFSA [investing](#).

BMO and other dividend payers are good long-term picks, but the biggest gains can be had with the stocks listed below.

Best TFSA stocks

Want rapid growth? Look for companies like **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)).

Shopify doesn't pay a dividend. That's okay considering sales are rising by more than 30% every year. This is a business on growth steroids. Sometimes the stock doubles or triples in value in a single year. All of that profit remains tax free with a TFSA.

Shopify's secret is bigger than not paying a [dividend](#). The company's biggest advantage is that it's a tech company. This segment of the market is perfect for those looking for truly remarkable gains.

Just pull up a list of the best-performing stocks over the last year, or even the last decade. Nearly all of them will be tech stocks.

Tech stocks have a few natural advantages.

The first is that these businesses can be truly global. The 5G movement, for example, isn't limited to Canada alone. It's a worldwide phenomenon. If a company can tap the 5G market, it can profit from a global user base.

The second is that these businesses are often "winner takes all." Look at **Amazon**. The *majority* of shopping searches in the U.S. go to Amazon first. The e-commerce platform was able to aggregate buyers and sellers at a scale that's hard to match. And every day, its lead grows.

Ultimately, your TFSA strategy will be up to you. Dividend stocks are a great way to build long-term wealth. But if you have the chance to shield an unlimited amount of gains from taxes, you're best off using that advantage to its maximum potential.

That means looking at tech stocks in particular, identifying major trends that will dominate the world in the decade to come. It's worth the initial work to uncover these lucrative gems.

CATEGORY

1. Bank Stocks
2. Investing
3. Tech Stocks

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:BMO (Bank Of Montreal)
4. TSX:SHOP (Shopify Inc.)

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