



Canada Revenue Agency: How to Use the TFSA to Turn \$20K Into \$800K!

Description

The Tax-Free Savings Account (TFSA) was launched by the federal government in January 2009. This account was brought about to give Canadians a more dynamic investment vehicle. The best thing about the TFSA is that the Canada Revenue Agency did not get a cut of the capital growth and/or income generated in the account. By January 2021, the cumulative contribution room in a TFSA will be \$75,500. We have seen huge growth over the past decade. Investors who make the right moves today will be able to generate massive tax-free gains over the course of the 2020s.

Why the TFSA is the ultimate growth account

In the early 2010s, becoming a TFSA millionaire was a [daunting feat](#) that required skill and good fortune. Turning \$75,500 into \$1 million is not exactly a layup, but the challenge has been lessened as TFSA room has increased over time. The TFSA is one of the best accounts for growth-oriented investors in Canada.

Only a handful of Canadians have been able to fill out their TFSA room in recent years. Today, I want to discuss how you can turn \$20,000 into a cool million with a few good picks. Let's dive in.

How the TFSA made fortunes in the 2010s

Last month, I'd discussed how the TFSA can be a [stellar growth vehicle](#). A relatively small investment can build fortunes. Best of all, those capital gains all go into your pocket rather than having to pay capital gains tax to the Canada Revenue Agency.

Air Canada (TSX:AC) has regained momentum as vaccines are starting to roll out on the domestic front. Restrictions are still in place, but there is now a light at the end of the tunnel. Its shares have climbed 28% month over month as of close on December 9. The stock is still down 46% in 2020.

Canada's top airline stock was also pulverized in the beginning of the 2010s. Shares dipped below the \$1 mark to start the decade, but the company roared back as the economy recovered. A \$10,000

investment in Air Canada in the beginning of 2010 would have been worth \$378,000 as at December 31, 2019. That is nearly \$370,000 in tax-free gains!

Constellation Software ([TSX:CSU](#)) is another **TSX** stock that rewarded shareholders in a big way over the course of the previous decade. It has continued to put together strong results this year. Shares have climbed 30% in 2020 as of close on December 9.

A \$10,000 investment in Constellation Software on January 1, 2010 would have been worth \$416,000 as at December 31, 2019. That represents a total 10-year return of over 4,060%. It achieved this on the back of an aggressive acquisition strategy. Constellation has its tentacles across the public and private sphere, and the sky is still the limit in the 2020s.

Duck the Canada Revenue Agency and target these stocks today

Pursuing growth in a TFSA allows investors to avoid paying capital gains to the CRA. Air Canada and Constellation have performed very well over the past decade, but investors should also be hunting for newcomers. **Kinaxis** is a very exciting technology stock that has been a star since debuting on the TSX in 2014. Canadians should look to pursue promising healthcare-focused stocks like **WELL Health Technologies** as well.

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