



## Canada Revenue Agency: 1 TFSA Stat That Will Shock You

### Description

TFSA has been with us for about 11 years. It was introduced in 2009, and it's considered a great improvement over the RRSP that has been around for decades. Though both are tax-sheltered in nature and allow your assets to grow in a tax-free environment, there are several key differences between the two. Since you fund your TFSA with your post-tax dollars (the contributions aren't tax deductible), the TFSA funds are tax-free whenever you draw them out.

Also, you don't need to wait till retirement to have access to your TFSA funds so that you can use this tax-free account for your short-term investments and savings goals as well. If you use it properly, the TFSA can be a powerful financial tool. Unfortunately, even after using this account for several years, people still don't draw out the full potential of this account.

### One shocking TFSA stat

According to a survey conducted by **Bank of Montreal**, only 49% of the TFSA users were aware that they could hold cash and at least one other type of investment inside the TFSA. It means that the other 51% are using it primarily for cash. That's a shocking number of people who are severely underutilizing their TFSA.

Part of the confusion can be attributed to the name, the Tax-Free "Savings" Account. It makes many people think that the account can only be used for savings and earning interest on those savings. And that prevents them from using it to grow their wealth tax-free.

The TFSA can hold a number of different investments, including stocks. And if you invest your TFSA funds in the right companies (for both dividends and capital growth), you can grow your wealth at a significantly higher pace.

### The right company

One company you might want to consider investing in and putting in your TFSA is the Brampton-based **Summit Industrial Income REIT**

([TSX:SMU.UN](#)). Summit has a market capitalization of about \$2.29 billion and a portfolio of over 160 properties. Over 80% of the portfolio is concentrated in Ontario and Alberta. It's comprised of high-value [industrial properties](#).

The stock used to be in a different price range before the Great Recession, but in 2011, it fell to a single-digit price tag. Even in its recent price peaks, the stock didn't go past the \$15-a-share threshold. Still, it has shown great resilience and growth in the past decade and has a 10-year CAGR of 30.9%. It pays monthly dividends, has a juicy 4% yield, and a very safe payout ratio of 40.8%.

Summit offers a decent mix of capital growth potential, and dividends and can be a powerful addition to your TFSA.

## Foolish takeaway

One of the most obvious perks of stashing [your investments](#) in your TFSA is the tax-free growth and dividends it offers. No matter how rapidly (and how much) your investments grow, you won't need to pay any capital gains tax if they are inside your TFSA. Similarly, if you can invest a hefty sum in a dividend stock, you can start a tax-free passive income to augment your primary one.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:SMU.UN (Summit Industrial Income REIT)

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### Date

2025/09/27

### Date Created

2020/12/23

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