



How to Turn That New \$6,000 TFSA Contribution Room Into \$500,000!

Description

It's the start of a new year and the Canada Revenue Agency has a gift for you: [\\$6,000 more in contribution room for your tax-free savings account \(TFSA\)](#). It may not seem like a whole lot today but over the years it can grow and become a significant part of your retirement. Below, I'll show you just how quickly that \$6,000 can grow and how long it may take for it to eventually reach \$500,000.

Grow your TFSA fast by investing in growth stocks

[Dividend stocks](#) are great if you don't have many investing years left but if time isn't a factor and you're willing to wait out a possible bear market, then growth stocks can generate fantastic returns for your portfolio. While the safe bet is to invest in a stock like **Toronto-Dominion Bank** where you can rely on a steady dividend and most return, your earnings from that stock will be much more modest than if you were to invest in a tech giant like **Shopify Inc** ([TSX:SHOP](#))([NYSE:SHOP](#)). The company is the most valuable on the **TSX** and soared 178% last year.

That's not a typical return you can or should expect — from any stock. But consider that the **NASDAQ**, which is full of high-flying tech stocks, has risen 157% over the course of five years, averaging annual returns of more than 20% during that time. Even a 20% return may be a bit rich for a tech stock.

Let's assume that, on average, a top tech stock like Shopify will rise by 15% each year. And given the company's aggressive growth and its willingness to even take on a giant like **Amazon**, it's possible that Shopify could perform even better than that.

If you were to invest \$6,000 in Shopify today, here's what that investment would look like over the years if it were to rise by 15% each and every year:

1	\$6,900	\$1,035	\$7,935
2	\$7,935	\$1,190	\$9,125
3	\$9,125	\$1,369	\$10,494
4	\$10,494	\$1,574	\$12,068
5	\$12,068	\$1,810	\$13,878
6	\$13,878	\$2,082	\$15,960
7	\$15,960	\$2,394	\$18,354
8	\$18,354	\$2,753	\$21,107
9	\$21,107	\$3,166	\$24,273
10	\$24,273	\$3,641	\$27,914
11	\$27,914	\$4,187	\$32,102
12	\$32,102	\$4,815	\$36,917
13	\$36,917	\$5,538	\$42,454
14	\$42,454	\$6,368	\$48,822
15	\$48,822	\$7,323	\$56,146
16	\$56,146	\$8,422	\$64,568
17	\$64,568	\$9,685	\$74,253
18	\$74,253	\$11,138	\$85,391
19	\$85,391	\$12,809	\$98,199
20	\$98,199	\$14,730	\$112,929
21	\$112,929	\$16,939	\$129,868
22	\$129,868	\$19,480	\$149,349
23	\$149,349	\$22,402	\$171,751
24	\$171,751	\$25,763	\$197,514
25	\$197,514	\$29,627	\$227,141
26	\$227,141	\$34,071	\$261,212
27	\$261,212	\$39,182	\$300,394
28	\$300,394	\$45,059	\$345,453
29	\$345,453	\$51,818	\$397,271
30	\$397,271	\$59,591	\$456,861

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31	\$456,861	\$68,529	\$525,390
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This is obviously not a short-term strategy but if you're investing in your TFSA then you should be prepared to hang on for the long haul. Much can change over the years and it's anyone's guess what Shopify may look like in 30 plus years. It'll likely have some off years and some great years, but if Shopify's stock can average gains of about 15% or better, which isn't impossible given that tech stocks and e-commerce isn't likely to die down in popularity any time soon, then that \$6,000 investment today could conceivably grow to be worth hundreds of thousands of dollars in the future.

Bottom line

If you've got many investing years left and want to make the most of your TFSA, then growth stocks could be your best bet right now. And a stock like Shopify should be near or at the top of the list if you're looking at top TSX stocks.

Although it has generated some great returns already, there's little reason to expect that it won't continue to be a solid investment for many years. As long as people continue to shop online, it's a fairly safe bet to assume that Shopify's value will continue to rise.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:SHOP (Shopify Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
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