Turn $6,000 Into $1.3 Million in 30 Years!

Description

The 2021 contribution room for your Tax-Free Savings Account (TFSA) is here. Back in November, the Canada Revenue Agency (CRA) announced it would yet again be adding a further $6,000 to TFSA contribution room. That brings the total up to $75,500 if you haven't contributed a dime yet! This leaves plenty of opportunity to get to millionaire status, especially with a potential market crash on the way.

The potential is huge. Last year was devastating to the economy, and it continues today. The last two quarters are likely to hit rock bottom, with the annual year in revenue to be dismal for many companies. That means another market crash could happen around March.

If that's the case, investors should prepare. You can put that $6,000 to good use by investing in stocks that will see you through a market crash and beyond! Or invest when they start to dip and become a millionaire in three decades. The best part? It doesn't even have to be on risky stocks.

First up, put the cash aside

Not everyone has $6,000 waiting around. Let's say you're new to the TFSA and just opening one up. Sure, you have $75,500 available but not everyone has that money to invest. To get there, you need to start putting aside cash every month in your TFSA. So, each paycheque, put aside what you can afford. A great place to start is 10% of each cheque. However, to get to that $6,000 you'll need to put aside $500 each month for investing.

You then need to find a stock that will not only grow during a market crash and beyond but that provides dividends. Dividends are free money you can use to reinvest and get closer to that millionaire mark. What you want are blue-chip stocks. These stocks have a long history of solid dividends and share growth and a strong future ahead as well. They are household names within the industries, so aren't likely to suddenly go bankrupt any time soon.

A strong option to consider is **Fortis** (TSX:FTS)(NYSE:FTS). This blue-chip stock will be around for decades to come, as it continues to expand by acquisition and organic growth. The company has a strong source of revenue being a utility company, as everyone needs to keep the lights on. The company is entering its 47th year of uninterrupted dividend payments, so you can pretty much guarantee those payments will continue. Even better, those dividends have grown at a compound annual growth rate (CAGR) of 7.38% over the last five years. As for shares, those have grown at a CAGR of 11.7% over the last decade!

How those millions are made

Let's say you were to invest that $6,000 during another crash. For this example, let's say the same thing happens and shares fall to March 2020 lows, down about 20% from current levels. That will see your returns get a huge boost from a post-crash jump, and locks you in to more dividends!

As for the rest of the math, we'll just take from history! We'll assume the company will keep seeing shares rise at 11.7% each year, with dividends growing at 7.38% as well. We'll also assume that you continue to add $6,000 each year to your TFSA. Here's how it shakes out.

In 30 years, you will have a TFSA portfolio of $1.378 million, a return of 640.68%! All from taking advantage of a market crash and investing wisely. While this example is just to illustrate the power of what you can achieve, there isn't really a reason this wouldn't happen in another 30 years. So, do your research, and start your watch list!

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