



TFSA Pension: Turn \$70,000 Into \$1 Million and Pay ZERO Tax to the CRA

Description

\$70,000 in Tax-Free Savings Account (TFSA) available contribution room could be a Canadian's ticket to [amass \\$1 million over time](#). If you succeed, you'll have a substantial pension without paying any taxes to the Canada Revenue Agency (CRA).

Nothing is impossible if you put in the work and have the financial discipline. The federal government introduced the TFSA in 2009 to backstop the Registered Retirement Savings Plan (RRSP). Today, Canadians have no excuse to save for retirement and ensure future financial health.

Inadequate pensions

Indeed, the Canada Pension Plan (CPP) and Old Age Security (OAS) are guaranteed incomes for life. Still, both pensions are inadequate to live comfortably in retirement. You need a third income source where you'll draw the bulk of your [sustenance in the sunset years](#).

Your CPP and OAS benefits are partial replacements of the average pre-retirement income. Hence, it would be best to have personal savings to avoid financial dislocation in the future. Maximizing your TFSA and diligently contributing every year will bring you closer to your \$1 million target.

The formula to succeed

Building a substantial nest egg takes time. With the TFSA, money growth is tax-free, so the balance accelerates faster. You also benefit from the magic of compounding when you keep reinvesting the dividends from your core holding. The \$1 million goal isn't far-fetched, provided you have at least 25 years investment horizon and the right asset to go with it.

You can withdraw funds from the TFSA at any time, although you might derail your objective if you make withdrawals in midstream. Keep your focus on your financial goal. Remember, all interest and gains are tax-free. Once you reach \$1 million, the CRA can't tax even a dollar from your TFSA.

Core TFSA holding

If I were to start my journey to \$1 million, I'd chose **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) as my core holding. The energy stock pays a generous 6% dividend. Assuming I have savings of \$233,000 and a 25-year window, my capital will compound to a cool \$1,000,005.88, including the reinvestment of dividends.

You might have reservations about investing in TC Energy because the sector is volatile. This \$53.18 billion energy infrastructure company moves over 25% of North America's daily natural gas requirements. It also boasts of the largest natural gas pipeline networks in the region. In Canada, TC Energy is one of the largest private sector power generators.

The scope of operations is vast, and TC's critical assets cover Canada, Mexico, and the United States. The company's assets in terms of generation type are 51% nuclear, 41% natural gas, and 6% wind. Since TC's asset footprint is highly diversified, there are multiple platforms for growth.

From \$25 billion in 2000, the value of TC Energy's assets is four times more today, or \$100 billion. Furthermore, the company derives approximately 93% of revenues from long-term take-or-pay contracts. About 60% of its earnings come from regulated assets.

Another compelling reason to invest in TC Energy is its Dividend Aristocrat status. Over the last three years, the annual dividend growth is 9.9%. Since 2000, the yearly shareholder return is 14%. I need not say more.

Stay the course

The road to \$1 million is arduous. However, if you can stay the course and pick the right investment, you can retire wealthy with a massive TFSA pension.

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2. Energy Stocks
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