



## 2 Canadian Stocks That Could Turn Your TFSA Into \$1,000,000

### Description

A \$1 million goal isn't impossible for Canadians if they adopt a focused savings and investment strategy. Their [golden opportunity](#) has been available since 2009. You can become a millionaire someday through the Tax-Free Savings Account (TFSA).

The TFSA is perhaps the only investment account where taxes are of no concern to account holders. Users can save and invest to experience tax-free money growth. You [won't pay tax on Canadian dividends](#), capital gains or interest earned in your TFSA. Even if you withdraw funds, not a penny is taxable.

However, the journey to a million-dollar takes time. It may take 20, 30, or more than 50 years, depending on the start date. Young people or parents' children generation should start as early as possible to catch the financial break. All Canadians who were 18 or older in 2009 can contribute and max out the yearly TFSA limits.

Most TFSA users invest in well-known Canadian blue-chip stocks. **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) or Scotiabank and **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) are the common choices because both are generous dividend-payers.

### Desirable core holding

Scotiabank's dividend track record alone makes it a desirable core holding in a TFSA portfolio. This \$94.64 billion bank has been paying dividends since 1832. The payouts of Canada's third-largest bank could continue for another century or more. Thus, your chances of hitting a \$1 million TFSA balance are high in a long investment horizon.

Over the last 20 years, Scotiabank's total return is 701.8% (10.96% CAGR). Its 14.93% year-to-date gain indicates the bank has endured COVID-19's impact. If you were to invest today, the current dividend yield is 4.65%, while the payout ratio is less than 70%.

Let's assume that the annual TFSA limit and dividend yield are constant for the next 30 years. If you

maximize or make the most of your contributions every year, your future balance could be a little over \$700,000, including dividend reinvestments. Remember, there's no age contribution limit. You can contribute as long as you live.

## Lavish income provider

Enbridge is a more generous income provider, although the energy sector is more volatile than the banking sector. However, this \$92 billion energy infrastructure company's business model shields it from industry headwinds and economic downturns.

The main charm of Enbridge to TFSA users is its mouth-watering 7.45% dividend. Any amount you invest will double in 9.66 years. If you apply the same assumptions as in Scotiabank and implement a similar strategy, it would take 25 years to reach the \$1 million target.

Over the last two decades, the top-tier energy stock returned 848.16% (11.89% CAGR). Furthermore, Enbridge's dividend growth streak is a remarkable 26 years. There were dividend increases for 26 consecutive years. The company can sustain dividend payments as the business is enduring.

Enbridge moves 25% of North America's oil and natural gas. Expect more cash flows in the coming years as management proceeds with secured growth projects worth \$16 billion. Because pipelines are capital-intensive, competition is hardly a concern. The existing infrastructure or network is more valuable today.

## Real benefit

The real benefit of the TFSA to account holders, especially younger savers, is the power of compounding. The tax-free growth of your TFSA contributions is exponential. If your window is 25 years or more, the returns would be substantial, and the balance could be a cool million.

### CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

### TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:ENB (Enbridge Inc.)

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