



How to Make \$1 Million Tax-Free

Description

Making a million dollars, tax-free, sounds more like a fantasy to most investors. But what if I tell you it can be a reality for some?

If you're looking to take your Tax-Free Savings Account (TFSA) to seven figures in a short period of time, high-growth stocks like **Constellation Software** ([TSX:CSU](#)) could surely make your dream come true. Here's why.

TFSA provides the ideal playground for growth stocks

If you ask anyone who has invested in Constellation Software over the past 10 years about its performance, they'll tell you how the company managed to convert \$75,000 into more than \$2 million during this timeframe. Moreover, if they've invested in a TFSA, they can spend that money as they please; the taxman will not be coming to catch them.

A TFSA is undoubtedly the best tool for individuals buying [growth stocks](#) with a long-term investment horizon. There's a cap of \$6,000 per year in terms of how much investors can deposit into this fund. However, the total accumulated room for investors who fulfill the eligibility criteria since the introduction of TFSA in 2009 is \$75,500. I believe that it's a substantial amount that you can work with when investing in growth stocks, like Constellation Software.

Another great advantage of TFSA is liquidity. Contrary to other registered accounts in Canada, investors can deposit or withdraw money at their convenience with this one. Thus, they can rely on this investment account in case of financial emergencies.

Possible dividend cuts to fund larger acquisitions

The chairman of Canada's second-largest software company by market value disclosed that Constellation is planning to eliminate quarterly dividend payouts to fund larger acquisitions. I am convinced that this is great news for growth investors. This is because Constellation's management

team has a proven track record of providing outsized returns for investors. Indeed, it's evident the company's acquisition strategy is working. More acquisitions are better than less for investors.

Furthermore, Constellation Software is looking to specifically acquire vertical-market software (VMS) companies. It is putting together a team of experts at its headquarters to specialize in the search for large VMS organizations. It believes that this would be a much more efficient use of the free cash flow than special or quarterly dividend payouts.

Bottom line

To sum it up, I strongly believe that there is no better growth stock right now on the TSX than Constellation. The company has built enough credibility to assure investors that its aggressive acquisition strategy actually works wonders. So, investors should buy and hold their investments and make the most of such buy-the-dip opportunities.

CATEGORY

1. Investing
2. Tech Stocks

POST TAG

1. constellation software
2. growth
3. growth stocks
4. investing
5. market
6. Stocks
7. tech
8. tech stocks
9. technology
10. technology stocks
11. tsx growth stocks
12. tsx tech stocks

TICKERS GLOBAL

1. TSX:CSU (Constellation Software Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Investing
2. Tech Stocks

Tags

1. constellation software
2. growth
3. growth stocks
4. investing
5. market
6. Stocks
7. tech
8. tech stocks
9. technology
10. technology stocks
11. tsx growth stocks
12. tsx tech stocks

Date

2025/08/13

Date Created

2021/03/11

Author

chrismacdonald

default watermark

default watermark