



How to Make \$1 Million in a TFSA

Description

Taking a Tax-Free Savings Account (TFSA) to seven digits in a relatively short amount of time sounds like a dream, doesn't it? For some investors, this achievement has been a reality.

Read on to learn about how some Canadian investors have been able to make profits in excess of \$1 million tax-free.

TFSA is the ideal playing field for growth stocks

Do you know anyone who has held shares of **Boyd Group** ([TSX:BYD](#))([NYSE:BYD](#)) and **Constellation Software** ([TSX:CSU](#)) over the past 10 years? If yes, I'm sure they've told you how an investment of \$75,000 would be worth over \$2 million today. Sounds fascinating, right? Indeed, each of these two growth stocks has managed to generate 10-year aggregate equity returns of approximately 3,000%.

Investors who parked their funds in a TFSA could spend the entire sum as they please without paying capital gains tax. This is an incredible benefit that needs to be emphasized for investors. Indeed, the TFSA is the best tool for growth investors with a long-term investment horizon. Yes, the TFSA contribution limit is only \$6,000 per year. However, this room rolls over each and every year. For those who have not contributed the maximum amount, the cumulative contribution limit for TFSA is \$75,500 for investors who have met the eligibility criteria since its inception in 2009.

That's a substantial amount of investment room for growth investors. [As I've said before](#), growth stocks like Boyd and Constellation belong in a TFSA for this reason. This tool allows growth investors to maximize their benefit from incredible long-term capital appreciation.

One more significant advantage of TFSA is liquidity. Contrary to other registered accounts, this tool enables investors to make deposits or withdrawals as per their convenience. Hence, if there's an emergency, investors can always fall back on their TFSAs to bail them out.

There's ample scope for long-term growth

Investors who believe they've missed the opportunity to generate such exceptional returns need not worry. Both companies have tremendous runway to continue growing at their historical pace. Acquisition financing costs are near historical lows. Accordingly, these companies' aggressive acquisition strategies are likely to be valued higher by investors.

Constellation Software has already announced plans to eliminate quarterly dividend payouts to fund more acquisitions, especially VMS companies. With thousands of targets spread across different sectors, I am convinced that both these companies can live up to the high standards set by their stocks' historical performance.

The exceptional past performance and prudent business models of these two companies clearly suggest that there is ample scope for long-term growth. Indeed, these are two of the best growth stocks on the TSX right now. Long-term investors should buy and hold the shares of these companies in a TFSA to maximize their tax-free gains.

CATEGORY

1. Investing
2. Tech Stocks

POST TAG

1. growth
2. growth stocks
3. investing
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5. Stocks

TICKERS GLOBAL

1. TSX:BYD (Boyd Group Income Fund)
2. TSX:CSU (Constellation Software Inc.)

PARTNER-FEEDS

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