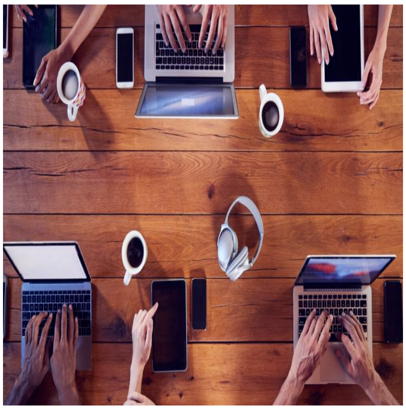

Millennial Couples: Turn $151,000 Into $10 Million and Pay Zero Taxes to the CRA

Description

The equity markets have scripted a remarkable recovery in the last year. While the world continues to grapple with the COVID-19 pandemic, several indexes surged to record highs on the back of federal benefits, lower interest rates and a stellar performance among stocks in the technology sector.

However, in the last month investors are concerned over rising interest rates and inflation numbers as well as the steep valuations of tech stocks. This has resulted in near-term volatility, providing investors with an opportunity to buy quality stocks at a lower multiple.

Canadian investors can look to add growth stocks to their Tax-Free Savings Account (TFSA) right now. The TFSA is a registered savings and investment account that is hugely popular among Canadians. Any withdrawals from the TFSA in the form of capital gains, dividends or interests are tax-free.

The maximum TFSA contribution limit for couples is $151,000

The maximum cumulative individual contribution limit for the TFSA in 2021 stands at $75,500. For a few millennial couples, this contribution limit will double to $151,000. Given that withdrawals are exempt from Canada Revenue Agency (CRA) taxes, it makes sense to hold high-growth stocks in your TFSA that can grow your wealth at an exponential rate.

For example, an investment of $151,000 in **Shopify** (TSX:SHOP)(NYSE:SHOP), soon after it went public would have been worth close to $9.8 million today. Shopify's stellar run since its Initial Public Offering (IPO) has meant it is now Canada's largest publicly traded company in terms of market cap.

The pandemic acted as a tailwind for Shopify and several other e-commerce companies as the shift toward accelerated at a fast clip in 2020. Shopify's sales almost doubled in 2020, allowing it to expand its bottom line as well.

While Shopify's sales growth will decelerate in 2021, analysts expect revenue to grow by 39.4% to 4.1 billion in 2021 and by 30.2% to $5.32 billion in 2022. While earnings growth is forecast to remain flat this year, it is poised to increase at an annual rate of 49% in the next four years.

However, despite Shopify's stellar performance since its IPO, it does make sense to allocate a large portion of your savings to just a single stock. You need to diversify your portfolio and minimize risk by holding stocks across sectors.

Top growth stocks on the TSX

There are several growth stocks on the **TSX** that you can consider for your TFSA. Below are a few of them with their total returns since they went public.

Lightspeed: 318%

Docebo: 237.5%

Dye & Durham: 168%

Nuvei: 68%

Well Health Technologies: 7,000%

Algonquin Power & Utilities: 458%

Aritzia: 65%

The Foolish takeaway

The aforementioned companies are just a few examples of growth stocks trading on the TSX. You can use this article as a starting point for your research and identify similar companies that have multiple secular tailwinds and expanding addressable markets allowing them to grow top-line at an enviable rate in the upcoming decade.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:SHOP (Shopify Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
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