



## TFSA Investors: How to Create a Solid Strategy

### Description

The Tax-Free Savings Account (TFSA) currently offers Canadians \$75,500 in contribution room for their investments. Now while that can seem like a lot, if you've been contributing since 2009, then really you may only have \$6,000 to invest this year when more room was added.

No matter how much you invest, you can always change those investments. As long as you don't take the cash out of your TFSA, or trade too often, you could still rebalance your portfolio into something that can produce riches. So let's look at some steps you can take to get there.

### What is your goal?

First, establish a goal for your portfolio. It can't just be to get rich. Everyone wants that. But the goal of a 55-year-old nearing retirement is going to be completely different from a 25-year-old just getting into investing. Both may want to save for retirement, but each one has entirely different timelines.

So speak to a financial advisor to come up with what you want to save for. They will help you figure out the best strategy to get there. Then of course make sure you have the portfolio necessary to reach those goals, such as a TFSA. It seems silly, but many Canadians still don't even have one! So if you don't, make sure you open one up.

### What to choose?

When it comes to investing, diversifying doesn't mean simply invest in gold stocks here and tech stocks there. There are different types of shares you can buy, and you want to be involved in many. It also depends on your goal. If you want to be aggressive you may want to take on more risk, and if you're young you likely have that time to spare. But you may want more conservative growth if you're nearing retirement. Neither way is wrong, just will yield different results.

If you're a conservative investor you may have a portfolio that's 70% securities, 20% equities, and about 10% cash and cash equivalents. You want to protect value in this case. If you're aggressive, you

may change that to 35% securities, 10% cash, and 55% equities.

## Diversify

You now want to choose from a slew of investment strategies. You can pick bonds, stocks, [ETFs](#), [mutual funds](#), and all of the above! Again talking to your financial advisor will help you choose the best way to pick the stocks that are right for your portfolio.

And don't just forget about it! You should then always look back a few times a year (not daily) to rebalance your portfolio. For instance, if energy continues to trend up maybe you want to get in on an oil and gas ETF! Or if you're ready to cash out on one stock, where can you reinvest? What's great is you have a TFSA, so while you pay commission you won't pay taxes if those stocks just stay in your TFSA.

## Foolish takeaway

By following these steps and then speaking to your financial advisor, you can create a solid TFSA investment [strategy](#) that's right for you. Investing doesn't have to be complicated or hard, but it's your money. Make sure you understand what you're getting yourself into, and that includes having the right goals. Everyone should invest, so speak to your advisor today!

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