



Forget Dogecoin: How to Turn a \$10,000 TFSA Into \$20,000

Description

Your [TFSA](#) (Tax-Free Savings Account) is an invaluable tool that can really [kickstart](#) your retirement fund. Every \$6,000 TFSA contribution may not seem like much at first. But it can mean the difference between an early, comfortable retirement and a later, frugal one. The wealth-creating [power](#) of tax-free compounding over the long haul is difficult to fathom, especially for beginners. However, over the course of many years, the effects start to become more pronounced.

Like a snowball rolling down a snowy hill, your TFSA will continue building upon itself. And you don't need to do anything as it continues rolling. In fact, it's better that you don't jump in and out of securities on a weekly or monthly basis to make a quick buck. Odds are, you'll get in the way of your snowball's path.

It's a shame that many Canadians aren't leveraging the full power of their TFSAs. It may be a "savings account," but it should be viewed as more of a vehicle for holding investments and sheltering capital gains and dividends.

In this piece, we'll have a look at some great long-term investments that can improve your chances of doubling up over five years. While there are "sexier" investments out there that will beckon you in with doubles, triples, or even quadruples over a more concise period of time, such investments tend to come with risks that are too much for beginner investors to handle.

You've probably heard it from your financial advisor before: "high risk means high reward." You can't achieve greater returns without bearing more risk.

Just how much risk should you aim to bear?

Investment legends like Warren Buffett aim to maximize their risk-adjusted returns. That's rewards relative to the risks taken on. You won't see the man betting on Bitcoin, Dogecoin, or any of the "get-rich-quick" types of investments out there. Sure, you could score a 10-bagger from such names over a few weeks. But unless you have a crystal ball, you could treat such moonshot investments as some sort of lottery. There's nothing wrong with playing the lotto, as long as you understand what you stand

to risk and are comfortable with taking such losses.

Sadly, far too many beginner investors have no idea what they stand to lose from sizeable bets on Bitcoin and all the sort. The desire to get rich is real. And almost every beginner wants it to happen as soon as possible.

For TFSA investors, one should focus on minimizing the risks they'll take on from an investment, rather than how quickly one will reap the rewards. Funnily enough, by extending your time horizon from weeks or months to years or decades, the risks you'll bear will shrink considerably, especially with wonderful businesses that have lengthy track records of outperforming the broader market.

TFSA investors: Take a tip from Warren Buffett

[Warren Buffett](#) is a great guide for beginners. When it comes to stocks, boring is beautiful. By keeping your risk profile in check, you'll avoid the occasional catastrophic blowup (picture a stock that sheds over 70% of its value) and improve your chances of doubling up over the course of three to five years.

In terms of boring, low-risk/high-ish reward stocks on the TSX, **Fortis** should be atop your list. It's a regulated utility with a very bond-coupon-like dividend. Unlike bond coupons, though, Fortis's payout is slated to increase at a good rate on an annual basis, which helps keep inflation in check.

Fortis may be uneventful, but it can help your double your TFSA over the course of many years. That's a long time to wait, but given you'll stand to risk less, I'd argue that such a name is only a prudent investment that beginners should strive to make.

Beware of Dogecoin

The allure of Dogecoin is real. As too are the newly minted Dogecoin millionaires. That said, there's no denying such folks got tremendously lucky. I think the odds are no longer in favour of Dogecoin investors. For those looking to gain an edge over the house, Fortis looks to be the vastly better bet.

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Author

joefrenette

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