3 Growth Stocks to Double Your TFSA in a Decade!

Description

The Canadian Tax-Free Savings Account (TFSA) has been around now for 12 years. That's 12 years of putting cash in more than just a savings or investing account and taking out what you want, when you want, tax-free. In fact, let's say you're a Motley Fool investor who has been investing in the **TSX** today since it started. Should your shares perform consistently, you're looking at a compound annual growth rate (CAGR) of 5.83%. But if you held growth stocks, chances are your shares did even better.

Now that's a nice enough number, and it's pretty solid as it's about double that of inflation. But Motley Fool investors can certainly do better when investing in a TFSA. In fact, you can probably double that CAGR to around 10% should you find solid companies to invest in on the TSX today.

So here are some options if you want your TFSA to double in a decade.

First, the starter package

If you're new to a TFSA, this is what you're looking at. Since 2009, the Canada Revenue Agency (CRA) has added a contribution limit to the TFSA. Motley Fool investors have been allowed to invest between $5,000 and $10,000 each year, but most years it ends up at about $6,000. Today if you're investing and never have before, and were 18 years old when you opened the TFSA, you have a contribution room of $75,500.

Now I know that looks like a lot — and it is! But if you're a new investor, the key is consistency. First, you need to look at what you can afford to put aside. Let's say you make around $60,000 per year. I like to recommend investors then put aside 10% of each pay cheque for investing. And again, this is *not* a Registered Retirement Savings Plan! You can take this money out when you need it tax-free. You only have to worry about exceeding your contribution limit when you contribute later on.

Now that you have an investment plan, the next step, of course, is coming up with the right investments. Here are some options.

Choose value

Always start strong when it comes to investing. That means finding valuable, blue-chip companies that have been around for decades and will be around for many more. Some of the top value stocks right now are still Canadian Big Six Banks. These banks perform as some of the best in the world during downturns, and that includes during this pandemic. Even with many trading at all-time highs, they remain in value territory based on price-to-earnings ratios.

One I would consider is **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS). Scotiabank lags behind its peers when it comes to the share price, which is up 18% year to date. Yet it remains below its peers, with a P/E ratio of 10.98 and a dividend yield of 4.61%. The rebounding Canadian market has already helped the stock rebound, and the country's third-largest lender also received help from the Canadian housing market.

The main point holding it back is its international exposure, which is set to rebound with the end of the pandemic. So you can pick up this stock for super cheap among top growth stocks with value.

Go for growth

For some solid growth stocks, you want to look at businesses looking to rebound after the pandemic. Today that includes **CAE** (TSX:CAE)(NYSE:CAE). The flight simulator company has seen an increase in demand, pushing shares even higher. Shares are up 8% year to date, but 92% in the last year. Yet right now it's going through a slight pullback that Motley Fool investors can use to jump on the stock for their TFSA. And with the company now acquiring a military training business, future growth is certainly on the rise, with revenue up 37% during the company's latest earnings report.

Seek opportunities

Want a big win? Find something small. Small-cap growth stocks allow Motley Fool investors to get in big for a cheap share price. My choice today would be with **Greenlane Renewables** (TSX:GRN). Shares trade at just $1.55 as of writing and are up 278% in the last year! There's been a downturn from a pullback in green companies, but with US$10 trillion being put in these companies worldwide, it's a great time to buy for cheap. And with record revenue growth of 200%, it could be one of the growth stocks investors will wish they'd owned way back when.

CATEGORY

1. Investing
2. Personal Finance

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:CAE (CAE Inc.)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:CAE (CAE Inc.)

5. TSX:GRN (Greenlane Renewables Inc.)

PARTNER-FEEDS

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

PP NOTIFY USER

1. alegatewolfe
2. arosenberg

Category

1. Investing
2. Personal Finance

Date
2025/07/20
Date Created
2021/09/07
Author
alegatewolfe