



## Is Your TFSA Less Than \$115,053? How to Grow Your Tax-Free Wealth Faster

### Description

If you have been eligible for the Tax-Free Savings Account (TFSA) since 2009, but you don't have \$115,053 in your TFSA, here are a couple of things you may be doing wrong. Not to worry, though. You can fix it and grow your tax-free investments faster.

### Not saving enough

If your TFSA doesn't add up to at least \$115,053, you may not be saving enough. This year's TFSA contribution room is \$6,000. It can be difficult to come up with \$6,000 in a lump sum, but it would be easier to swallow if you aim to save \$500 a month or \$250 every two weeks.

Losing sight of regularly saving for your TFSA could result in years of lost tax-free growth of your wealth! From 2009 to 2021, the cumulative TFSA contribution room is \$75,500. Delaying regular savings and contributions to the TFSA will make it so much harder to catch up. It's best to make it a habit to maximize your TFSA every year to avoid falling behind.

### Investing in low-return investments

What if you diligently saved and maximized your TFSA every year but your total tax-free wealth today is still less than \$115,053? It could mean you're investing in low-return investments. Perhaps your TFSA is a savings or GIC account. Interest rates are so low right now that it's not worth it to put your precious TFSA dollars in fixed-income investments.

If you maximized your [TFSA](#) annually since 2009 and invested for the long-term average stock market returns of at least 7% per year, your tax-free wealth would be at least \$115,053!

### How to grow your TFSA faster

Contrary to popular belief, stock investing is not gambling or speculative — *provided* you know what

you're doing. For example, you can opt to invest in quality businesses that report billions of dollars of net income every year. Some pay awesome and growing dividend income as well.

Aim to buy these companies when they're attractively priced and you should be able to grow your tax-free wealth by close to 10% per year. If you achieve a 10% rate of return from the get-go, the \$75,500 would have turned to \$139,030 by now. That's a swell in wealth of \$23,977 on just a 3% additional rate of return!

## Where can you invest for a 10% return today?

You can probably get a 10% rate of return from an investment in [dividend stocks](#) **Fortis** and **Enbridge** today. They are proven dividend-growth stocks that are fairly valued right now. Fortis stock offers a yield of close to 4%. Combined with a 6% growth rate projected from its multi-year capital program, investors can get a rate of return of roughly 10% from the stable regulated utility. Similarly, Enbridge stock provides a yield of almost 6.4%. So, it only needs to grow at a rate of 3.6% to help you achieve a 10% rate of return.

When you have safe dividends contributing to a big portion of your total returns, you get more stable returns than if you rely solely on price appreciation.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:FTS (Fortis Inc.)
3. TSX:ENB (Enbridge Inc.)
4. TSX:FTS (Fortis Inc.)

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