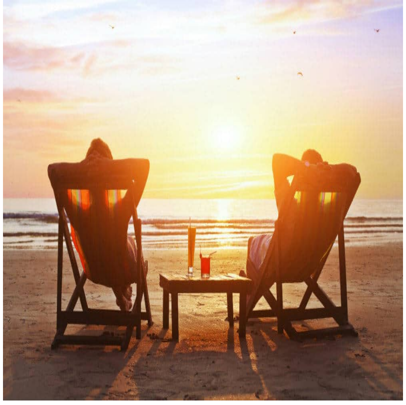

TFSA Investors: Invest for an Awesome Retirement

Description

The Tax-Free Savings Account (TFSA) is one of the best tools you can use to help you invest for an awesome retirement. Depending on where you are in your investing journey, you might be in your accumulation or distribution phase. TFSA investors who are still saving regularly from their job are in their accumulation phase. TFSA investors who are retired or close to retirement would be thinking about the distribution phase in which they live on their assets. The TFSAs of these two groups of investors could be vastly different, as discussed below.

Young TFSA investors

The TFSA contribution limit for this year is $6,000. So, it would work beautifully if you contribute monthly savings of $500 to your TFSA account. If other values work better, like $1,000 every two months, by all means, go for it. The ultimate goal is to maximize your TFSA contribution, because if you don't, you're leaving tax-free room for growth unused! So, if you have TFSA contribution room from previous years, try to fill it in as soon as possible.

For an awesome retirement, you should focus on growth. This, by default, points to investing in the stock market instead of earning interest income. For example, the best five-year GIC rate is 3.25% at writing. The average long-term stock market annual return is 7-10%. So, you could potentially double your return from investing in the stock market.

goeasy (TSX:GSY) is a good candidate for your consideration. It has corrected meaningfully by approximately 27% from its high. It's a Canadian consumer lender that's also a Canadian Dividend Aristocrat with a 10-year dividend-growth rate of almost 23%. Right now, the growth stock provides a yield of almost 1.7%.

In October 2021, Ryan Bushell commented on the growth stock on *BNN*:

> "I think these stocks are pulling back for good reason. I lump goeasy, **Home Capital**, **Equitable**, **First National**,… Most of these companies have dropped rates on their savings

accounts. They're still on relative levels above the banks but on an absolute level, they're low enough that people don't want to earn less than 1% on savings and are moving that money elsewhere, maybe the equity market. And so the savings side of the business is slowing down. On the lending side, your guess is as good as mine on what the government and the central bank will continue to do on interest rates and policy support for lower-income workers and people that are levered. I don't think I would be getting too greedy at the moment. I'd be waiting to see a couple more quarters come out."
Ryan Bushell, president and portfolio manager at Newhaven Asset Management

Retired TFSA investors

TFSA investors who are retired or close to retirement would probably prefer to maximize their tax-free income generation from their TFSA. If they withdraw from their RRIFs with extra to invest, they could consider contributing to their TFSAs to experience tax-free income or growth. Even high-yield stocks that generate passive income can experience some growth.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:GSY (goeasy Ltd.)

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. kayng
2. kduncombe

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