TFSA Investors: Build a $350K TFSA in a Decade

Description

Motley Fool investors with a Tax-Free Savings Account (TFSA) already know all about the amazing benefits. You get tax-free investments that can bring in thousands each year, if invested properly.

Unfortunately, TFSA investors also know that lately, investing properly is easier said than done. There were stellar growth stocks over the last few years that soared and then fell. Lately, safety looks like the best option.

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Yet safety doesn't need to mean slow or little growth. In fact, there are ways to invest properly and still grow a huge portfolio for TFSA investors. In fact, with this portfolio, you could reach $350,000 in a decade.

First, the set up

To make it to $350,000 in a decade, you first need to have a few things in place. Primarily, you need a consistent investment routine. That would mean maxing out your TFSA contributions.

Right now, the max contribution limit is $81,500. From there, it's likely the government will add another $6,000 each year. That's a total contribution of $141,500 that you'll need to turn into $350,000 over the next decade.

Then you'll have to plan on reinvesting any of your passive income. Should you receive dividends from your investment, you should automatically recontribute them back into your investments. This will ensure your shares grow higher and higher.

Next, the equities

Now, let's talk about options. If you're wanting growth in the next decade, look into industries that are stable and should continue growing at a rapid pace. Here are some I'd consider first and foremost.

Brookfield Renewable Partners (TSX:BEP.UN)(NYSE:BEP) is a strong choice for both dividends and returns. Shares have grown 200% over the last decade, and that's not including the major jump we saw back in 2021. Furthermore, you can bring in a dividend of 3.36% as of writing.

Next up, I'd choose a Big Six bank. **Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM) is a great option, as it provides the largest dividend at 4.46%. But it's also going through a lot of reinvestment, expanding its business to bring in more clients. And it seems to be working! Shares are up 91% in the last decade.

Finally, I would pick a exchange-traded fund that's seen stable growth over the last decade and has focused on growth in the past. For that, I'd choose **BMO Growth ETF** (TSX:ZGRO). Now, it doesn't have the history of the other two, but as an ETF, its management team focuses on companies that will provide long-term growth for clients. Right now, shares are up 30% in the last three years alone. Plus, you get a nice 2.33% dividend yield!

Finally, that $350K

Let's say you put aside one-third of your TFSA towards each of these choices. Then you put another $2,000 towards them in the future. Here's how that would shake out.

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For all three, you would invest $27,167 plus $2,000 each year. In a decade, you could have $147,100.24 from Brookfield, $120,312.93 from CIBC, and $99,035.51 from BMO Growth. That would give TFSA investors a total of $366,448.68 after just a decade!

CATEGORY

1. Dividend Stocks
2. Investing

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2. NYSE:CM (Canadian Imperial Bank of Commerce)
3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
4. TSX:CM (Canadian Imperial Bank of Commerce)
5. TSX:ZGRO (BMO Growth ETF Portfolio)

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