How to Easily Turn a $25,000 RRSP Into $250,000

Description

The RRSP, or Registered Retirement Savings Plan, is a popular account among Canadians. Any contribution towards the RRSP is exempt from Canada Revenue Agency taxes, making it a tax-sheltered account.

You can contribute up to 18% of your annual income towards the RRSP. Further, if you are unable to max out RRSP contributions in a calendar year, they can be carried forward to the next year.

The RRSP is an ideal retirement tool

While the contributions towards the RRSP are exempt from taxes, you are unable to withdraw funds from the account until retirement. So, the RRSP is an ideal account to hold quality stocks that can generate exponential gains for investors in the long term.

For example, the **S&P 500** index has returned 421% to investors in the last two decades, after adjusting for dividends. During this period, the world has wrestled with the dot-com bubble, a financial crisis, and a global pandemic. Further, there is a chance of another economic recession impacting investors in the near future, according to several financial experts.

However, the ongoing volatility in equity markets offers investors an opportunity to buy the dip. For example, if you would have invested in the S&P 500 back in May 2009, it would have returned close to 470% in the last 13 years.

Right now, the S&P 500 index is trading 18% below all-time highs, making it attractive to contrarian and growth investors. In case, the S&P 500 index can replicate its historical gains, an investment of $25,000 would be worth close to $145,000 in the next 13 years.

While index investing is a solid strategy to build long-term wealth, you can also allocate a small portion of your equity portfolio towards growth stocks and derive outsized gains.

How to turn $25,000 into $250,000 in your RRSP

If you can successfully identify quality growth stocks, there is a good chance to achieve your financial goals sooner than expected. There are several growth stocks trading on the TSX.

Shopify

One of the hottest stocks on the TSX, **Shopify** (TSX:SHOP)(NYSE:SHOP) is down 77% from all-time highs. Despite the pullback, it has returned 1,500% to investors in the last seven years.

The ongoing pandemic acted as a massive tailwind for Shopify, and the Canadian tech giant is set to experience a deceleration in top line.

Alternatively, Shopify is part of the rapidly expanding e-commerce market and is forecast to increase sales from $5.82 billion in 2021 to $9.7 billion in 2023.

Dun & Durham

Dye & Durham (TSX:DND) provides cloud-based solutions to legal and business professionals. In Q1 of 2022, its sales rose by 78.3% year over year to $122.9 million, beating consensus estimates in the process.

Dye & Durham attributed the sales growth to the realization of revenue synergies from recent acquisitions. Its revenue growth also allowed the company to increase adjusted EBITDA by 78% to $66.8 million in the March quarter.

The Foolish takeaway

The two companies mentioned here are just two quality growth stocks that I am bullish on. There are several other companies that are part of the TSX and the S&P 500 that can help you generate market-beating returns in the upcoming decade.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:DND (Dye & Durham Limited)
3. TSX:SHOP (Shopify 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. araghunath
2. kduncombe

Category

1. Investing
2. Tech Stocks

Date
2025/08/29
Date Created
2022/05/22
Author
araghunath