



How to Turn a \$50 TFSA Into \$10,000

Description

Who doesn't want to have money when they need it? Get into the habit of saving regularly. Saving regularly in small amounts is much easier than coming up with money magically when you need to buy something.

The Tax-Free Savings Account (TFSA) can help. [What is a TFSA?](#) You can hold a range of investments in there, including cash, GICs, bonds, exchange-traded funds (ETFs), mutual funds, and stocks. What you earn inside TFSAs won't be taxed by the Canada Revenue Agency. So, you would want to maximize your TFSA earnings but be smart about managing risks.

Your TFSA can be an important part of your savings plan, whether it'd be to accumulate some nice savings for a vacation, a car, or even a down payment for your dream house! The TFSA is a savings tool before it's an investing tool.

How to turn a \$50 TFSA into \$10,000

The sure way to a \$10,000 TFSA is contributing \$50 200 times. Assuming you contribute \$50 weekly to your TFSA, you'll achieve \$10,000 in three years and 11 months. You can speed up the process by investing the many \$50 of savings. Secure investments include earning interests from savings accounts or GICs, but you can potentially get higher returns from ETFs, mutual, funds, and stocks by taking on greater risks.

Investors can buy [undervalued stocks](#) and sell them when they trade closer to their fair valuations.

Linamar ([TSX:LNR](#)) is a good value stock for consideration. Two analysts just chose it as one of their top stock picks this month and last month.

“Linamar has had temporary issues, one after another. The last time things ran smoothly was 2018. It has grown assets for five years and a normal year should double the stock (to \$100). One-third of the new order book is coming from EV manufacturers. It is a smaller company so it has more potential to capture opportunities, including the EV market.”

Teal Linde, manager at Linde Equity Fund

“Linamar manages inventory very well; it re-supplied quickly when the Russian war started. It is resilient. The stock has come off a lot, but around \$50 it is a value play in a sector that will see continued growth.”

Andrew Pyle, investment advisor and portfolio manager at CIBC Wood Gundy

Interestingly, Linamar just officially announced Linamar MedTech, a new group that focuses on manufacturing solutions for Medical Devices and Precision Medical Components. It sounds like the group has grown large enough over the last few years for the company to make this announcement. This area is growing, and earnings from this group should be more stable and could potentially be a higher-margin business.

Since Linamar is a consumer cyclical stock whose earnings rise and fall with the business cycle, it's critical for investors to aim to buy low and sell high. Right now, the 12-month consensus price target on Linamar stock suggests it has near-term upside potential of 48%. A three- to five-year investment could result in investors doubling their money. The stock also pays a yield of just over 1.5% for the wait. Price gains and dividends received in the TFSA will be tax free!

CATEGORY

1. Investing

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1. Editor's Choice

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