



As Stocks Continue to Get Cheaper, Now Is a Great Time to Open a TFSA

Description

If you've ever thought about opening a TFSA, but have been putting it off, with stocks selling off significantly, now is one of the best times to open a TFSA in years.

Not only are [interest rates](#) going up, but with the stock market selling off, plenty of high-quality stocks that you can buy and hold for years are becoming ultra-cheap, making this market one of the best opportunities to begin investing.

Whether you're confident picking stocks yourself or are new to investing altogether, just beginning to put your money to work as soon as possible can have a major influence on the performance of your portfolio over the long haul.

If you're looking to open a TFSA today, here is how you can begin to buy stocks and invest your hard-earned capital.

How to maximize the potential of your TFSA when buying stocks

The TFSA is an incredibly powerful tool that Canadian investors have to invest in stocks and grow their money for decades.

Having the ability to save on tax can have a massive impact on your long-term potential. Because each year that you save on tax, you have more capital left over that you can [compound](#), increasing the long-term growth potential of your portfolio considerably.

The key is to invest as early as possible and give yourself the longest timeline possible to utilize the full power of compound interest. Then, of course, you'll also want to focus on buying the best stocks that can consistently grow and expand their operations for decades to come.

What are some of the best investments to buy in your TFSA

today?

Whenever the market sells off, it's not unusual to see plenty of high-quality stocks that are worth an investment trading well [undervalued](#).

For example, a stock such as **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) has gotten hammered so far this year. Year to date, Shopify stock has lost over 75% of its value, compared to the TSX, which is down just 7%.

And if you go back to last September, the stock is down over 80% compared to the TSX, which is down a little over 8%.

There are several reasons why Shopify stock has fallen so significantly, including higher interest rates, slower growth potential going forward and the fact that it plans to spend billions creating a fulfillment network.

However, there is even more potential for Shopify stock to continue growing over the long haul, making the discount it's offering today highly compelling. Therefore, if you're looking for top Canadian stocks to buy in your TFSA, high-quality businesses that are trading ultra-cheap like Shopify are some of the first to consider.

But what if you're not comfortable buying individual stocks? Well, you're in luck, because investors can now buy index ETFs at significant discounts after the recent selloff.

Adding a high-quality index ETF is an excellent way to begin investing

If you're new to investing and looking to open a TFSA today, you don't necessarily have to buy individual stocks.

One strategy that offers much less risk is to buy an index ETF such as **iShares Core S&P 500 Index ETF (CAD-Hedged)** ([TSX:XSP](#)). The XSP ETF offers investors exposure to the S&P 500, a well-diversified index of some of the largest and most important businesses in America.

Because the ETF offers so much diversification, it's a lower-risk investment than buying a single stock. However, buying today still allows investors to take advantage of the current market conditions.

Therefore, if you've been watching stocks sell off and thinking about opening up a TFSA, now is an excellent time to do so, as there are plenty of high-quality stocks trading at unbelievable discounts.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:SHOP (Shopify Inc.)

3. TSX:XSP (iShares Core S&P 500 Index ETF (CAD-Hedged))

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