TFSA Investors: 1 Stock That Could Double Your Money in This Market Correction

Description

The main reason I'm a huge advocate of the Tax-Free Savings Account (TFSA) is due to the saving account's flexibility. Contrary to what many Canadians may think, the TFSA can be used for far more than just short-term savings goals. In fact, the TFSA can be an excellent choice for long-term savings goals, such as retirement.

Withdrawals can be made from a TFSA at any point in time, completely tax free. The catch is that there is an annual contribution limit that is far lower than that of a Registered Retirement Savings Plan (RRSP).

The TFSA's annual contribution is $6,000 in 2022, which is close to what it's been for the past five years. A $6,000 per year limit likely wouldn't be enough to completely fund your retirement. However, if you've got time on your side, the magic of compound interest could help you build that $6,000 into a sizable nest egg within a TFSA.

In addition to time, you'll need to earn a consistent annual return on your investment for your savings to compound. Canadians have a few choices when it comes to how to invest. I'm going to highlight why stocks would be a wise choice for anyone with a long-term time horizon.

Owning stocks in a TFSA

Let's use an example of someone who has $6,000 available to max out their TFSA in 2022. In a high-interest savings account earning a return of 0.10% per year, a $6,000 investment would have made less than $200 in interest in 30 years.

If, instead, that $6,000 was invested in a broad market index fund earning an average annual return of 8%, the TFSA would have grown to $60,000. Now let's take it one step further to really see the impact that the annual return can have over time. At an annual return of 12%, a $6,000 investment made today would be worth just shy of $180,000 in 30 years. That's not a bad return for doing absolutely no work for a 30-year period.

Now, finding a 12% return on the stock market is easier said than done. If the broader market is returning 8% per year, you'll need to own shares of a market-beating company. However, the **TSX** does have its share of reputable market beaters to choose from.

Here's one that's at the top of my watch list right now.

goeasy

The recent market correction in the Canadian stock market has one of the TSX's top under-the-radar growth stocks trading at a rare discount.

Shares of **goeasy** (TSX:GSY) are down 40% year to date and more than 50% below 52-week highs. Still, the growth stock is up a market-crushing 250% over the past five years. Over the past decade, shares are now up over 1,000%.

Growth has understandably slowed in recent years, but goeasy is still delivering incredibly impressive numbers. Over the past five years, the stock's growth of 250% equals an average annual return of close to 30%. The further you go back, the higher that growth rate goes, too.

For Canadians looking to put their TFSA savings to work, goeasy is a solid choice. And with shares currently trading at a discount, now's a very opportunistic time to invest $6,000 into the growth stock.

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