



1 TSX Stock to Unlock Your TFSA and Turn \$81,500 Into \$318K by 2032

Description

The **TSX** today offers substantial opportunities for holders of a [Tax Free Savings Account](#) (TFSA). The TFSA currently has a total contribution limit of \$81,500 this year. That's tens of thousands of dollars you can invest in this current market, when the exchange is down 10.64% year-to-date. But which TSX stock do you pick?

Here, I'm not only going to tell you which TSX stock to choose and why, but also demonstrate how in just one decade, you could increase your TFSA by an astounding amount.

Deals won't last

If you shift your focus away from losses and start hunting for sales, the TSX today looks entirely different. There are long-term blue-chip companies that offer incredible deals. And that means you can pick up a TSX stock that is basically guaranteed to rebound in the next year or even few months.

But if you want the best, I would look to the [Big Six Banks](#). Over the past several decades, these banks have recovered within a year of any economic downturn. Even during the Great Recession, the Big Six Banks were TSX stocks that came back in 11 months to pre-fall prices.

And right now, all the Big Six Banks are on sale. But if I'm picking one today, it has to be **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)).

Why this TSX stock

I'd choose BMO first and foremost because it's one of the Big Six Banks. It has provisions for loan losses during this time when consumer spending continues to drop. Furthermore, the company has been making strategic moves to up its game. This includes adding a Citibank member to its executive team, and more than a *dozen* portfolio managers and equity analysts from **CI Financial**.

It's looking to expand on a global scale, and has already started with a \$17-billion purchase of French

banking giant BNP. So there is a lot of growth to look forward to in the future.

But there's growth in the past as well. Shares of the TSX stock are up 753% in the last 20 years, for a compound annual growth rate (CAGR) of 11.3%. Further, it offers a 4.44% dividend yield, that boasts a decade-long CAGR of 4.24%. Yet it's well into value territory, trading at 6.88 times earnings, and down 6.26% year-to-date.

Get your TFSA into high gear

Now I would never recommend you put all your TFSA cash into one TSX stock. However, for the sake of this article let's use that number just as an example. If you were to buy up BMO shares today with your \$81,500, you would add 650 shares to your portfolio. That would come to \$3,616 in annual passive income!

If you were to then reinvest that income and leave your shares alone for the next decade, your wealth could grow by an astounding amount. If that TSX stock grew at the same rate as it has over the last decade, along with its dividend, by 2032 you could have a TFSA worth \$318,247! Even if you were to invest a *third*, that's still turning your initial investment into six digits in just 10 years.

CATEGORY

1. Bank Stocks
2. Investing

TICKERS GLOBAL

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2. NYSE:CIXX (Ci Financial)
3. TSX:BMO (Bank Of Montreal)
4. TSX:CIX (CI Financial)

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