



TFSA Investors: Turn Your \$6,000 Into \$20,000 in 5 Years

Description

For most Canadians, the contribution room in a Tax-Free Savings Account (TFSA) is significantly lower than that in an Registered Retirement Savings Plan (RRSP). For those novice investors wondering [what a TFSA](#) is, it's a registered, tax-sheltered account that's different from an RRSP.

And if you are filling both to the brim and have the same time for growth, it might be challenging to build the same-size nest eggs in the two accounts. But it's not impossible. If you stick to conservative and relatively slow growers in your RRSP and choose fast-paced growers for your TFSA, it might be possible to balance out the growth.

If your goal is to turn one year's TFSA contribution (\$6,000) into \$20,000 in half a decade, there are three robust growth stocks you may consider buying.

A tech stock

Constellation Software ([TSX:CSU](#)) is easily the first-draft pick from the tech sector with a consistent growth track record and a robust growth pace. This holding company which has six individual software companies under its banner and caters to a wide variety of vertical markets has experienced exceptional growth in the last two decades. The stock has grown by over 2,100% in the previous decade alone.

If the stock repeats this performance, it may be able to grow \$2,000 (one-third of the total capital) by about \$10,200 in the next five years (calculated using its 10-year CAGR, or compound annual growth rate). Even if it underperforms a bit, you may still see exceptional growth.

The inherent diversity of its business model and the consistency of its financial growth are two factors driving the stock upward. It's pretty overvalued, but this is almost its permanent state, and it hasn't prevented the stock from growing at its usual pace.

A financial stock

Another powerful growth stock you can have in your TFSA is **goeasy** ([TSX:GSY](#)). The alternative financial company capitalized on the niche of personal lending to people with relatively poor credit. That's a massive market outside the grasp of big banks, since they prefer mostly to lend to people with good credit. goeasy grew by catering to this market and is now also offering home loans.

It has over 400 locations, making its footprint larger than most regional banks and credit unions. It's also a Dividend Aristocrat currently offering a 2.8% yield.

goeasy was a decent enough grower before the pandemic. But like many other stocks, it grew too rapidly after the pandemic and then went through a correction to become relatively normalized.

And even though it's still trading at a 40% discount from its last peak, the 10-year returns are at well over 1,900%, with a CAGR of over 38.77% (including dividends). It's fast enough to turn your \$2,000 investment into about \$10,300.

A crypto stock

Unlike the two stocks above that offer consistent growth, **HIVE Blockchain Technologies** ([TSXV:HIVE](#)) might offer a powerful spike in the next five years. It's the first publicly traded crypto miner in Canada and mines both **Bitcoin** and **Ethereum**, but its stock price usually follows the price pattern of the larger crypto.

Some of the most significant gains the stock offered in the last five years, if you had bought lowest and sold at the peak, were over 6,300%. That's an extreme example. But a 500% growth spurt might be possible, assuming the underlying crypto shoots up. This can push \$2,000 invested in the company to grow to about \$10,000 quite easily.

Foolish takeaway

If the three stocks keep to the projected performance, they can offer you about \$30,500 with just \$6,000 invested in the next five years. That's over five-fold growth. And if we assume a bit of underperformance from all three, it might still be possible to turn the \$6,000 yearly TFSA contributions to \$20,000 in five years.

CATEGORY

1. Dividend Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. TSX:CSU (Constellation Software Inc.)
2. TSX:GSY (goeasy Ltd.)

3. TSXV:HIVE (Hive Blockchain Technologies)

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