



The Easiest Way to Make A Million-Dollar TFSA

Description

If your goal is to have a million dollars in your investment account, there are a few ways to get there. What's surprising to me is that investors usually take the absolute *hardest* route. And I simply don't know why.

By doing some calculations and devising a few simple strategies, there is an incredibly straightforward way to achieve a million-dollar Tax-Free Savings Account ([TFSA](#)) before you retire. So let's look at what you're doing wrong, and what you can start doing right.

Stop picking growth stocks

Growth stocks can be some of the biggest traps. These stocks may seem like a gold mine, when they're more like a honey trap. In many cases, they bring you in after experiencing huge growth, only to set you up for a major fall.

Sure, investors who bought a company like **Amazon** at around \$20 back in the day are now sitting on a massive amount of cash. But these are usually professionals in the industry, not people who are investing in their spare time.

So don't try to be that one person. Instead, there is a far easier approach to accumulating wealth.

Keep it consistent

Boring, right? But so much easier and so much more lucrative. If you can consistently put cash aside towards a smart investment, this is the easiest way to create long-term income. For example, let's say you can put aside \$500 per month. That's a decent \$6,000 each and every year that you can invest in your future.

Now the key is finding the right stock to consistently pay into. What you're looking for is a company that has stable cash flows, a long history of growth that rebounds in tough times, and also a [dividend](#).

Dividends are usually provided by solid companies that have been around for a long time. This is because they've done the heavy lifting of investing in their business. Now, they can pay investors to keep coming back.

Buy a bank

If you want to keep it simple, buy a bank. The [Big Six Banks](#) have been around for over 100 years, and are likely to be around for 100 more. The banks also make smart investments using a team of professionals, because that's how they grew in the first place.

And of course, the banks pay out dividends. But the highest is **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)). It currently has an attractive dividend yield of 5.18%, and trades at just 9.12 times earnings. That means its share price is cheap compared to how much it's earning.

Plus, its dividends have grown at a steady pace, as has its share price. Shares are up 166% in the last decade for a compound annual growth rate (CAGR) of 10.27%. Its dividend has also had a CAGR of 6.31% during that time.

Bottom line

So to make a million dollars, investors will want to put aside that \$6,000 each year, and reinvest the dividends. If they keep doing this on a consistent basis, it won't take all that long to make a million dollars. Based on historical performance, this strategy would allow you to reach \$1.013 million in 24 years!

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NASDAQ:AMZN (Amazon.com Inc.)
2. NYSE:CM (Canadian Imperial Bank of Commerce)
3. TSX:CM (Canadian Imperial Bank of Commerce)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. agraff
2. alegatewolf
3. tmftysat

Category

1. Dividend Stocks
2. Investing

Date

2025/06/29

Date Created

2022/09/16

Author

alegatewolf

default watermark

default watermark