



**TFSA: Invest \$50,000 and Get \$500,000 + \$500/Month in Passive Income**

## Description

Do you want to retire wealthy in 20 years? Then you might want to look at your Tax-Free Savings Account (TFSA) limit. Here is a strategy to invest \$50,000 in the next four years and earn \$500,000 plus \$500/month in tax-free passive income for decades.

## Invest \$50,000 through your TFSA

Shelling out \$50,000 for investment in one go is difficult for the average Canadian. But you can invest \$250 a week in your TFSA and build it to \$50,000 over four years. It is fine if you skip a few weeks. The important thing is to continue investing.

The stock market is reacting to recessionary pressures, and this slow [downturn](#) has created an opportunity for dollar-cost averaging. Investing \$250 a month in falling stocks can reduce your average purchase cost and enhance your returns when the stock rebounds. But this stock should have long-term growth potential.

## Stocks to convert a \$50,000 TFSA to \$500,000

You can invest in U.S. stocks through your TFSA. Some hyper-growth stocks shaping the future are oversold in the current environment.

## How to invest in Nvidia stock

**Nvidia** ([NASDAQ:NVDA](#)) stock is down 60% from its all-time high due to short-term headwinds. The crypto bubble burst, and [restrictions](#) on the export of artificial intelligence (AI) chips to China are taking a toll on Nvidia's revenue. But it has US\$6 billion in net cash to withstand these headwinds and continue investing in research and development (R&D). Nvidia's value lies in its R&D, which helps it build the most advanced graphic cards that will power the future of AI and autonomous vehicles (AV).

The current headwinds will continue to affect the stock throughout 2022. If you invest in Nvidia stock throughout the downturn, it could reward you handsomely in an upturn. After bottoming out in the 2018 United States-China trade war, the stock more than doubled in a year.

Nvidia is a beneficiary of the crypto revolution, the AV revolution, and Internet of Things (IoT) proliferation. This stock can grow 10-fold in 10 years, which means a \$12,500 investment could become \$125,000, or \$250,000 if it grows 20-fold. This is a conservative estimate, as the stock converted \$12,500 invested in September 2012 to over \$545,000, despite falling 60% from its high.

## How to invest in dividend stocks

All growth and no passive income make your portfolio vulnerable to significant risk. Canadian markets offer two high-dividend stocks that can compound your returns through a dividend-reinvestment plan (DRIP).

**BCE** ([TSX:BCE](#))([NYSE:BCE](#)) has been paying a dividend for more than 40 years and growing them by 5% for 12 straight years. The company has the potential to continue this dividend growth for the next 10-15 years, as it monetizes the [5G](#) revolution. The fifth-generation wireless communication will create the infrastructure to facilitate AV and IoT proliferation.

A \$12,500 investment in BCE DRIP over the next four years and holding it for another 16 years could convert your portfolio to \$46,000. If the stock maintains a 5% dividend yield, you could get \$2,300 in passive income.

**Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) is another Dividend Aristocrat growing dividends at an average annual rate of 10%. A \$12,500 investment in BCE's DRIP over the next four years and holding it for another 16 years could convert your portfolio to \$62,800. If the stock maintains a 6% dividend yield, you can get \$3,770 in passive income.

A \$25,000 investment in the above two dividend stocks can grow to \$108,000 in 20 years through the compounding power of DRIP. You can switch to cash dividends later and earn \$500/month in tax-free passive income with your TFSA.

## Opportunistic purchases

While the above three stocks are ones you can buy and hold forever, set aside some amount to make opportunistic purchases. You can make a \$250 investment in crypto-related stocks like **Hive Blockchain Technologies** and another \$250 in **BlackBerry**. These stocks could grow in a growth environment.

### CATEGORY

1. Investing
2. Stocks for Beginners

### TICKERS GLOBAL

1. NASDAQ:NVDA (NVIDIA Corporation)
2. NYSE:BCE (BCE Inc.)
3. NYSE:ENB (Enbridge Inc.)
4. TSX:BB (BlackBerry)
5. TSX:BCE (BCE Inc.)
6. TSX:ENB (Enbridge Inc.)

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