



How to Turn a \$20,000 TFSA Into \$500,000 Over Time

Description

In early 2022, the Canada Revenue Agency (CRA) estimated that the average balance in a [Tax-Free Savings Account \(TFSA\)](#) was \$32,224. Over the past decade, Canadian investors have likely read their fair share of stories on the vaunted million-dollar TFSA. This was considered a particularly impressive accomplishment when the cumulative contribution room in a TFSA was far less than the \$81,500 it stands at today. Today, I want to discuss how Canadians can look to turn a \$20,000 balance in a TFSA into half a million over time.

Investors would need to double-up their portfolio 25 times over in order to own a \$500,000 TFSA. This may seem insurmountable, but the last decade has shown us that persistent and opportunistic investors can stack up capital gains at an impressive pace.

Here's an undervalued bank stock that I'd snatch up in a TFSA today

The first stock I want to target in our TFSA is not a huge gamble. We have time on our side, and we are looking at a market that is rife with discounts in the final quarter of 2022. **Scotiabank** ([TSX:BNS](#)) is my favourite target among the Big Six Canadian [bank stocks](#) right now. These profit machines offer a mouth-watering balance of capital growth and income. However, the financial sector has found itself in a bind, as the Bank of Canada (BoC) pursues its more aggressive interest rate-tightening path in over a decade.

Shares of this bank stock have plunged 29% in 2022 as of close on October 11. That has pushed Scotiabank well into negative territory in the year-over-year period. In the third quarter (Q3) of 2022, the bank still delivered solid net income growth on the back of strong domestic and international banking volume growth.

Scotiabank currently possesses a very favourable price-to-earnings (P/E) ratio of 7.6. This bank stock slipped below the \$50 price mark during the 2020 market pullback. It hit an all-time high of \$95 per share in the spring of 2022, nearly doubling up over a two-year period. TFSA investors can also gobble

up its quarterly dividend of \$1.03 per share. That represents a tasty 6.4% yield.

This growth stock offers a big opportunity in early October

Cargojet ([TSX:CJT](#)) is a [growth stock](#) that TFSA investors should watch closely in the final quarter of 2022. This Mississauga-based company provides time-sensitive overnight air cargo services across Canada. Its shares have dropped 30% in the year-to-date period. The stock is down 42% from the same time in 2021.

In Q2 2022, the company posted net earnings of \$160 million — up from a net loss of \$11.1 million in the second quarter of fiscal 2021. Meanwhile, adjusted free cash flow rose to \$44.8 million compared to \$36.0 million in the previous year.

This growth stock went from a \$20 valuation in 2015 to an all-time high of \$250/share in November 2020. That illustrates how explosive stocks like Cargojet can be in your TFSA over a relatively short investment period. Cargojet stock currently possesses an attractive P/E ratio of 10.

One more stock I'd target in your TFSA right now

goeasy ([TSX:GSY](#)) is the third stock I'd target in a TFSA in this turbulent market. The company provides non-prime leasing and lending services to Canadian consumers. This financial stock has delivered big growth and it qualifies as a Dividend Aristocrat. That is a stock you can trust for the long term in your TFSA.

This financial stock plunged below the \$30 mark during the March 2020 market pullback. It would quickly recover in the months that followed and eventually achieve an all-time high of \$218/share in September 2021. goeasy has plunged 41% in the year-to-date period.

Shares of goeasy currently possess a very favourable P/E ratio of 9.8. It offers a quarterly dividend of \$0.91 per share, representing a 3.5% yield. TFSA investors should be eager to snatch up these discounted growth stocks in the first half of October.

CATEGORY

1. Investing

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1. TSX:BNS (Bank Of Nova Scotia)
2. NYSE:BNS (The Bank of Nova Scotia)
3. TSX:CJT (Cargojet Inc.)
4. TSX:GSY (goeasy Ltd.)

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