



## Retire at 50 With \$1 Million and \$1,000/Month in Tax-Free Income

### Description

Let's say you're in your mid-30s and want to retire at 50 with \$1 million and \$1,000 a month in passive income. This financial goal is achievable with your Tax-Free Savings Account ([TFSA](#)). The 2022 market downturn has created exciting opportunities to buy future growth trends at dirt-cheap prices. Such stocks can triple your money in a decade and help you achieve your retire-by-50 dream.

### Two stocks to buy right now to build a \$1 million portfolio

The Canada Revenue Agency (CRA) gives you a \$6,000 annual limit on your TFSA. Be careful when you buy through the TFSA to avoid exhausting your opportunity to earn tax-free investment income. This year's tech bubble burst wiped out the gains of the 2021 pandemic recovery. Moreover, rising interest rates, recessionary pressure, and supply chain constraints have created short-term challenges.

This has pulled down the stock prices of **Tesla** ([NASDAQ:TSLA](#)) and **Nvidia** ([NASDAQ:NVDA](#)) by 46% and 58%, respectively. These two companies have strong [fundamentals](#), like double-digit revenue growth, a boatload of cash reserve, market leadership, and technological advancement. They are changing the future: Tesla with electric vehicles (EVs) and Nvidia with artificial intelligence (AI).

### On the \$1 million journey with Tesla

Tesla faced supply chain constraints, as its factories in China and Germany suffered from pandemic lockdowns and electricity rationing, respectively. Although Tesla missed analysts' estimates of the number of deliverables, its third-quarter revenue and net income surged 55% and 75%, respectively. It has a US\$21.1 billion cash reserve to keep it liquid, even in the worst recession.

Recently, Tesla [cut car prices](#) by as much as 9% in China. But this cut is a price correction from the increases it made due to high logistics and raw material costs and poor productivity in the Shanghai plant. However, the stock market is taking this price cut negatively.

But if you take a long-term view, Tesla is enhancing technology to reduce production costs and make

its cars more affordable. Tesla stock is trading closer to its 52-week low of around US\$200. As EV momentum returns and supply constraints ease, the stock could triple your money in the next five years.

## Nvidia stock

Nvidia is a leader in the graphic processing unit (GPU) market. Its GPUs power PCs and data centres for gaming and AI-level computing. The stock is in the secular trend of AI at the edge, autonomous vehicles (AV), 5G network infrastructure, and PC gaming. Each one of these technologies has a significant addressable market.

However, Nvidia stock fell, as its pandemic-inflated valuation eased due to falling PC shipments and the dumping of second-hand GPUs by crypto miners. Moreover, Nvidia's data centre GPUs face trade restrictions, as the Biden administration banned the supply of AI chips to China. These issues will subside in the long term. But they have affected the stock price today, creating a buying opportunity. The stock will surge in the long term, as demand recovers from excess GPU inventory and trade restrictions.

Nvidia stock surged 200% after the 2018 United States-China trade war. It can repeat history and triple your money in five years if you buy it in the downturn.

Your TFSA allows you to buy U.S. stocks, and a \$2,500 investment in each of the two stocks every year can give you a head start in your \$1 million retirement portfolio.

## Safeguarding the \$1,000 monthly passive income

As for the monthly passive income, a \$1,000 investment in **Canadian Utilities** ([TSX:CU](#)) can go a long way. The stock has fallen over 14% since September, creating an opportunity to lock in a dividend yield over 5%. A power company is unlikely to go out of business due to a lack of demand. Canadian Utilities controls its earnings by building new projects.

The company has been growing [dividend](#) since 1972. Since 2000, it has grown its dividend at a compound annual growth rate (CAGR) of 10%. A \$1,000 annual investment in the dividend-reinvestment plan (DRIP) could create a portfolio of \$68,000 in 20 years, assuming a 7% dividend CAGR. This portfolio could give you annual dividend income of \$3,400.

Investing in DRIPs of Dividend Aristocrats can help you build your \$1,000-a-month passive-income portfolio.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NASDAQ:NVDA (NVIDIA Corporation)
2. NASDAQ:TSLA (Tesla Inc.)

3. TSX:CU (Canadian Utilities Limited)

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