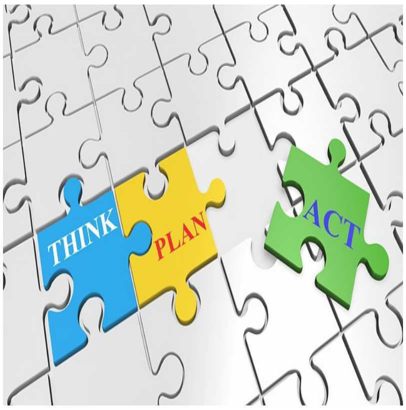

Why TFSA Investors Need to Start Planning

Description

For many investors, January 1 is not only the start of a new year, but it's also the long-awaited date they can deposit another $5,500 to their Tax-Free Savings Accounts (TFSAs), which allows the investment dollars to grow on a tax-free basis. As a reminder to readers, once the TFSA maximum is reached, any monies withdrawn from the account cannot be put back until the next calendar year. This means that investors wanting to move money from one TFSA account to another will want to make the withdrawal between now and the end of the calendar year, or they will have to use an official transfer form.

History has taught investors a few things.

First, fantastic trades are sometimes no more than that. In the past year, shares of almost every marijuana company have increased in value by a substantial amount, which does not mean anything for the year ahead. In the coming year, the industry as a whole may falter and potentially be replaced by another industry or sector, such as oil or mining, which have had a challenging few years.

The second thing that history has proven time and time again is that dividend-paying stocks are the equivalent of swimming with a life jacket — it's a lot harder to get a bad result when you're wearing a life jacket! Dividend-paying stocks have a proven track record of performing above average. Investors have the opportunity to purchase and hold many of these companies for long periods of time.

Recently, **Saputo Inc.** (TSX:SAP) reported quarterly earnings which overwhelmed no one from a top-line revenues or profitability standpoint. However, shares held up very well. For investors who can look beyond the quarterly dividend of $0.16 per share, there is huge potential in the pipeline for this company. When considering the cash flow statement, investors have a lot to look forward to, as the total amount of dividends paid throughout the first two quarters of the fiscal year amounted to no more than 31% of cash flows from operations (CFO) and 42% of net profits.

The main discrepancy between CFO and net income has to do with the substantial increase in the amount of working capital. Essentially, the company has put more money into the running of the business and has more raw goods and inventory on hand for when demand increases. To make things more attractive, the amount of capital expenditures for the first half over the year totaled $188 million, which is substantially more than the $105 million of depreciation expense incurred by the company. What investors can take away from Saputo investing a greater amount of capital in the production process is that demand is strong and higher profits are likely in the year to come.

With a number of fantastic investments to choose from, investors planning where to deploy their TFSA capital will want to consider all options in order to find the investment that best meets their criteria.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:SAP (Saputo Inc.)

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1. Msn
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