



Warning: 1 Huge Mistake to Avoid This Tax Season

Description

For most Canadians, income tax and benefit returns are due on April 30, 2019. There is an exception for self-employed individuals, who have until June 15, 2019 to file their returns.

Many Canadians view tax season as a royal pain, but tax refunds tend to put a smile on the faces of Canadians later in the year. This is when those RRSP contributions really pay off. The size of your refund may vary, and it is often tempting to view the cash as a boon to spend as you please. This is a big mistake.

Last week, I went over three [RRSP mistakes investors](#) need to watch out for. Failing to re-invest your tax refund in your RRSP or TFSA is another error that can cost you down the line.

In a March article, I'd discussed ways investors can aim to [meet their retirement goals](#). Using the **Sun Life** ([TSX:SLF](#))([NYSE:SLF](#)) retirement savings calculator, we determined that an aggressive savings strategy early on is a great way to ensure a comfortable retirement. Fortunately, even investors in their 30s who have failed to save anything can still form a realistic plan that will leave them with an attractive retirement nest egg.

What stocks should you buy with your tax refund?

Sun Life is a solid option for investors on the hunt for a mix of good capital growth potential and income to boot. Shares of Sun Life have climbed 27% over the past three years. Insurance and wealth management growth has stagnated in North American markets, but Sun Life and other insurance and financial services giants have successfully turned to Asia to spur on growth.

Sun Life last paid out a quarterly dividend of \$0.50 per share. This represents a solid 3.5% yield. It is a great bet for investors looking to cash in on middle-class growth in Asia.

Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#)) is another good option for investors on the hunt for a balanced long-term hold. Shares of BMO have climbed 18.2% in 2019 as of close on April 22. The stock is up 10.3% from the prior year.

Investors are gearing up for the second-quarter bank earnings season in the late spring. In the first quarter, BMO flourished on the back of fantastic results in its U.S. banking segment. Total adjusted net income rose 8% year over year to \$1.53 billion. Like its peers, it was forced to weather turbulence in its capital markets segment due to poor market conditions to close out the 2018 calendar year.

BMO again announced a quarterly dividend of \$1.00 per share. This represents a 3.7% yield. Investors should exercise some caution if they intend to make purchases today, as the stock is on the pricey end. Shares are trading at the high end of its 52-week range. The stock had an RSI of 73 as of close on April 22, which puts it in overbought territory.

Foolish takeaway

For those of you who receive a tax refund in 2019, remember to tuck it away in your TFSA or RRSP. Stash that would-be “fun money” away over the years and you will be well on your way to building a comfortable retirement.

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1. Investing
2. Stocks for Beginners

POST TAG

1. Editor's Choice

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2. TSX:BMO (Bank Of Montreal)
3. TSX:SLF (Sun Life Financial Inc.)

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Date

2025/07/05

Date Created

2019/04/23

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