



2 High-Yield Stocks to Buy for Your TFSA (and 1 to Take Out)

Description

Optimizing your accounts is of utmost importance, especially when it comes to taxes. Taxes can take a massive bite out of your savings, so make the most of your tax-advantaged accounts.

If you have a TFSA, RRSP, and margin account for investing, it's especially important to put the right stocks in the correct account.

Brookfield Asset Management Inc. (TSX:BAM.A)([NYSE:BAM](#)) and its many subsidiaries are often misunderstood in terms of where you should place them within your total portfolio. With the multitude of accounts and their many different quirks, it can be a challenging exercise to maximize your investment returns.

Any of these companies are great to hold. They are diversified companies which focus on investing in real assets such as real estate, infrastructure, and utilities. Depending on which shares you choose, you can gain exposure to all of their global assets or focus on a particular area such as utilities or residential properties.

All of these companies pay excellent yields that have grown steadily for years. Both **Brookfield Renewable Energy LP** ([TSX:BEP.UN](#))([NYSE:BEP](#)) and **Brookfield Property Partners LP** ([TSX:BPY.UN](#))(NASDAQ:BPY) [pay yields](#) of 5.5% and 6.9%, respectively. Both of those businesses are seeking to grow those payouts by 5-8% annually.

Brookfield Asset Management itself has demonstrated an ability to grow its payout over the years. Its current yield sits at 1.21%, but it has grown that dividend in the same 5-8% range for several years.

But there's a difference in the payouts made by Brookfield Asset Management, the parent holding company, and its various subsidiaries which exist as limited partnerships. There is a difference in the wording of the payouts that's very important to note; a difference which will impact where you purchase the shares of each holding.

Investors in Brookfield Asset Management receive their payouts as *dividends*. The income from these shares is a beneficiary of the dividend tax credit. Therefore, investors in this holding company should purchase shares in a taxable account, assuming you have used all your TFSA contribution room and need to purchase shares outside of your registered account.

Shares of Brookfield Renewable Energy and Brookfield Property Partners come in the form of Limited Partnerships (LP). This leads not only to increased annoyance during tax season due to the extra paperwork that accompanies LPs, but also impacts the form of the payout, which is known as a *distribution*. Distributions are fully taxable, unless they are [held in a TFSA](#), which is tax-free, of course.

A final word

One thing to keep in mind, however, is how much money you have to invest. If you only have enough to contribute to your TFSA, by all means, purchase Brookfield asset management in that account. Maximize your TFSA room before buying anything outside of your tax-free account.

Over time, purchasing these stocks in the correct account will lead to a massive increase in after-tax savings. Of course, given that this strategy involves with tax planning, you should confirm with your accountant whether this is the best strategy for you come tax season. As always, consult a tax expert to optimize your personal holdings.

CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. NYSE:BN (Brookfield Corporation)
3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
4. TSX:BN (Brookfield)
5. TSX:BPY.UN (Brookfield Property Partners)

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