



## 2 Stocks I Wouldn't Put in My TFSA

### Description

The Tax-Free Savings Account (TFSA) is not an ordinary savings account but a unique investment vehicle. By opening a TFSA, you have an excellent opportunity to create an income stream or build your nest egg for retirement. Your contribution to the TFSA can be in the form of cash, bonds, or dividend stocks.

But if you prefer dividend stocks over other assets, not all dividend stocks are worth holding in your TFSA. **SNC-Lavalin** (TSX:SNC) and **Just Energy** (TSX:JE)(NYSE:JE) are the stocks I wouldn't put in my TFSA.

### Fall of the mighty

Engineering and construction firm SNC-Lavalin has been operating since 1911. It was able to gain prominence globally because of the expertise in providing consulting, design, engineering, construction, and operation, and maintenance services.

This year is a forgettable year for SNC-Lavalin, as the company fell from grace when investors began to dump the stock. There is every reason to shy away from the stock, which is down 60.45% year to date.

It was disheartening for investors to hear the news that former company executives were able to obtain contracts in Libya by paying bribes. Although the incident happened in 2011, fraud and corruption allegations do not sit well with investors.

Then the inevitable came. SNC-Lavalin's business went downhill, which resulted in a \$2.2 billion net loss during Q2 2019. Management has no option but to implement an 80% dividend cut effective August 1, 2019. There's no need to explain further why you shouldn't consider SNC-Lavalin for your TFSA.

## Just stay away

Another dividend stock that lost its appeal to investors is Just Energy. Although this \$441.45 million firm is a diversified utility company, it's better to steer clear of the stock. Just Energy came crashing after management announced the decision to stop dividend payments due to its net loss of \$275.2 million.

Several class actions were filed against Just Energy for alleged misrepresentation. Lawyers are encouraging investors who lost money between May 31, 2018, and August 15, 2019, to come forward. They believe Just Energy was not forthright in disclosing adverse facts about the business.

Management is still waiting for the report of the special committee on the outcome of the strategic and financial initiatives. It's a pity to see the yield of the once [dividend titan](#) reduce to nothing. As of this writing, the stock is trading at \$2.92 and could possibly fall to an even \$2 pretty soon.

Integrity issue, zero dividends, and a quarterly loss that is 62.4% off its market capitalization are reasons you should avoid including Just Energy in your TFSA.

## Pick the right investment

An essential part of managing a TFSA is the selection of investments. Dividend stocks offer the highest potential returns. The reinvestment of dividends can also accelerate the growth of your money. But the real benefit is that whether the value of your investment doubles or triples, all the capital gains are tax-free.

However, you should pick the dividend stocks that have an [excellent track record of dividend payments](#). Forget about SNC-Lavalin and Just Energy. There are other stocks worth considering.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:ATRL (SNC-Lavalin Group)

### PARTNER-FEEDS

1. Business Insider
2. Msn
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