Canada Revenue Agency 2020: 1 Crucial TFSA Change You Must Be Aware of

Description

The Canada Revenue Agency announced the new annual limit for the Tax-Free Savings Account (TFSA) in 2020 recently. There is no increase from the 2019 limit, so the amount remains the same at $6,000.

However, there is one important change for the TFSA next year. The accumulated limit will be $69,500. The figure is the sum of the limits for each year since the inception of the TFSA in 2009.

The amount you can contribute to your TFSA is based on your accumulated limit and how much you have contributed. If you go overboard, the CRA might charge you a 1% penalty per month for over-contribution.

Tax-free advantage

Choosing investments in your TFSA is a pleasant problem. There is a wide selection that is acceptable in the TFSA. In case you have maxed out your contribution room in 2019, you can invest no more than the $6,000 in January 2020.

Canadian Western Bank (TSX:WB) and **Emera** (TSX:EMA) are good choices. The former is a financial aristocrat, while the latter is a utility aristocrat. If you have both, you can maximize the tax-free benefits of the TFSA.

A disruptive force

You can't bypass Canadian Western just because it is a regional bank. This $2.8 billion bank leads the sector in terms of dividend growth streak.

While the Big Five banks have been paying dividends for more than 100 years, not one comes close to the dividend growth streak of Canadian Western.

This bank has a dividend growth streak of 27 years. Over the last five years, the dividend growth rate is 7.21%. The current yield is 3.57%.

Year-to-date, the gain of CWB is 24.8%, and the excellent performance this year is likely to continue in 2020. Revenue and net income are steadily growing yearly since 2016. The 2019 fiscal year was an exciting year for the bank.

Canadian Western was able to generate robust loan growth and post a record $1.5 billion annual branch-raised deposit growth at the same time.

According to Christopher Fowler, CWB President and CEO, the bank is becoming a disruptive force in the Canadian financial services.

A worry-free option

Emera is a century-old diversified utility company. It provides energy and services beyond the borders of Canada and has more than half-a-million customers in Nova Scotia.

As well, the company serves a total of 1.2 million customers in Florida, Maine, New Mexico, and on the island of Barbados.

This energy stock is also a dependable dividend-payer. Emera boasts of a dividend growth streak of eight years plus a five-year dividend growth rate of 10.07%. With its yield of 4.47%, your $6,000 will create a passive income of $268.20 in one year.

More than the dividend yield, you’re investing in Emera for the safety of dividends. If you analyze this stock, the growth driver is its portfolio of regulated utilities.

The business is steadily and predictably growing, the hallmark of a well-established utility company. About 95% of earnings come from regulated operations.

Money growth opportunities

Canadian Western and Emera are suitable investments to optimize the money growth opportunities within your TFSA. If you have $6,000 to invest in January, you now know which the reliable dividend payers are.

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2. Dividend Stocks
3. Investing

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