



## Canada Revenue Agency: How to Pay Absolutely Zero in Taxes

### Description

**Editor's Note:** The original version of this article stated that Telus' average annual return over the last decade was 6.52%. That has been updated to 11.4%

It's hard to believe that in just three short months, Canadians will once again be facing a harsh reality: taxes!

Fortunately, there is a way to lower your tax burden!

### The TFSA tax advantage

The biggest advantage of a Tax-Free Savings Account (TFSA) is that all of the money, including dividends and capital gains, grows tax free. This makes the TFSA the best way to save money for life's biggest events, including retirement, a once-in-a-lifetime vacation, or a down payment on a house.

The Canadian government has set the 2020 TRSA contribution limit as \$6,000, which matches the 2019 contribution limit. This brings the total contribution room available in 2020, for someone who has never contributed and has been eligible for the TFSA since its introduction, to \$69,500.

If you've been smart enough to have maxed out your contribution room since the TFSA's inception in 2009, and assuming you've earned an average 6% return each year, [your TFSA would be worth over \\$85,000!](#)

Let's take it one step further and assume that you're invested in some dividend stocks paying an average of 3%. You would be earning over \$200 per month in dividends alone! And this payout doesn't include the 6% growth of the stock you will receive when you eventually sell the asset.

Here are two options that perform better than our assumptions: beating the average of 6% growth over the past decade and paying more than 3% in dividends.

## A diversified ETF gives overall market exposure

One exchange-traded fund (ETF) that beats our assumptions from above is **iShares S&P/TSX 60 Index ETF**. According to **Morningstar**, the 10-year average return of the fund is 7.1 %. And according to **BlackRock's** website, XIU has a trailing yield of 2.88% and a forward yield of 3.04%.

If you are looking for an [ultra-diversified, low-risk index ETF](#) that fits well in a TFSA, XIU is an excellent choice. This ETF gives you exposure to the broader market, which provides some protection if one sector of the market underperforms in any given year.

## One stock that beats our assumptions

But what if you're looking for a single stock that has shown to perform even better? Look no further than **Telus** ([TSX:T](#))([NYSE:TU](#)).

Telus has returned an average of 11.4% over the past 10 years. Plus, the current dividend yield is 4.66%.

As one of Canada's largest telecom companies, Telus boasts nine million wireless subscribers as well as millions more signed up for its television, home internet, and home phone services.

Telus also has operations in [home security and healthcare](#). The company recently acquired ADT's Canadian operations, bolstering its home security division. Telus is expanding its healthcare business, including purchasing a high-end clinic to add to its healthcare enterprise solutions division.

Of course, one of the biggest changes to Canada's telecom companies is the rollout of 5G. This fifth generation of wireless technology will deliver connection speeds up to 10 times faster, with lower latency, and the ability to connect a massive number of devices simultaneously.

Telus is one of the leaders in terms of its commitment and capital expenditures to launch 5G in Canada. Bernard Bureau, TELUS VP of Network & Architecture Strategy, recently detailed the planned launch. "In Canada, we need spectrum to launch 5G, so it's quite possible we will have a few launches in 2020, and I expect in 2021 we will have a very large deployment of 5G," Bureau said.

### CATEGORY

1. Investing

### POST TAG

1. Editor's Choice

### TICKERS GLOBAL

1. NYSE:TU (TELUS)
2. TSX:T (TELUS)

### PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

### Category

1. Investing

### Tags

1. Editor's Choice

### Date

2025/08/07

### Date Created

2019/12/27

### Author

cdye

default watermark

default watermark