



Canada Revenue Agency: Save on Taxes With This 1 TFSA Dividend Stock

Description

An increasing number of Canadians are using Tax-Free Savings Accounts (TFSAs) to boost their up supplemental retirement funds and overall retirement savings.

The government increases the contribution limit in the TFSA by \$6,000 every year. With this year's update, the maximum contribution room that you can use in your TFSA is \$69,500.

As a result, a couple can invest as much as \$139,000 in their respective TFSAs that can generate capital gains, dividends, and interest – completely tax-free.

Perhaps one of the most significant advantages that the TFSA provides is that the Canada Revenue Agency (CRA) can't deduct any earnings on the assets you hold in the account as taxes. Some stocks on the **Toronto Stock Exchange** can exhibit phenomenal capital gains over time.

Protecting your earnings through capital gains can prove to be very helpful, especially when it comes to building a significant retirement fund.

Additionally, as a retiree with a significant income through your TFSA, you will not need to worry about the earnings being added to your net income. You will not have to bother with continually fretting over the possibility of Old Age Security (OAS) pension clawbacks by the CRA.

Today I'm going to discuss **Fortis Inc.** ([TSX:FTS](#))([NYSE:FTS](#)) stock and why it might be an ideal choice to add to your TFSA for boosting your retirement fund.

Fortify your TFSA

Fortis is one of my favourite stocks to talk about on the TSX. The \$25.48 billion market capitalization company is a giant in the Canadian utility sector with an enterprise value of \$51 billion. In the past 12 months, the Fortis stock has gained 26.25% in capital gains.

Fortis started in 1987. From the time it started providing utility services to its customers in Canada,

Fortis' assets have increased from \$390 million to \$53 billion as of 2020.

The company also has a customer base of over three million Canadians and is a market leader in gas and electricity utilities, serving customers across Canada, in the U.S. and the Caribbean.

Dividend Aristocrat

Fortis is considered a Dividend Aristocrat on the TSX, which means the stock is among the publicly traded Canadian companies that have been increasing dividend payouts to shareholders for the past for five years or more.

Fortis has been increasing its dividend payouts to investors for the past 46 years. The current dividend of \$1.91 per share makes the dividend yield of 3.43%.

The company is aiming to increase its dividend payouts by 6% each year until 2024. Fortis' payout ratio of under 50% gives the company enough room to continue expanding its dividend payouts to shareholders.

Foolish takeaway

The company has [solid fundamentals](#) that indicate the possibility of growth moving forward and better stability in terms of cash flow. The company is investing in clean energy projects. Fortis expects to spend around \$18.3 billion in clean energy projects in the next four years.

Fortis is a reliable option you can consider adding to your TFSA to supplement your overall wealth through potential capital gains and dividends.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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