TFSA Investors: TFSA Losses Are Forever — Be Mindful of a Possible 2020 Recession

Description

Owning a tax-exempt investment account like the Tax-Free Savings Account (TFSA) is not a ticket to taking unnecessary risks. Based on a December 2019 Bloomberg News survey conducted by the Nanos Research Group, results show that more than 50% of Canadians believe that a recession is "somewhat likely" in 2020.

Should Canada veer toward a recession, you shouldn't place bad apples in your investment basket. TFSA losses are non-recoverable and permanent. It is possible to see your TFSA balance to be lower than the allowed increases due to investment mistakes.

Hence, avoid the risk of losing the tax-free perks and instead load up your TFSA with crash-proof stocks like **BCE** (TSX:BCE)(NYSE:BCE) and **Toronto Dominion Bank** (TSX:TD)(NYSE:TD).

Solid safeguard

If safety and protection from a recession is your top priority, telecom giant BCE is one of the most trusted investment options. Aside from the lucrative dividend, the business of this $56.35 billion telecommunications and media company will not suffer in case of an economic downturn.

The company has been paying dividends for decades, and the demand for its products and services is ever-increasing. BCE's wireless service, in particular, is growing not only because of popularity. It has become a 24/7 necessity for Canadians. BCE generates massive revenue from this vital communication need.

BCE has also built a media empire across Canada through its radio and TV stations. Its TV and sports networks draw the biggest audience while the radio segment has millions of listeners. This big telecom also owns stakes in two valuable professional sports franchises (Maple Leafs and Montreal Canadiens).

With proven income generators in its telecom and media empires, BCE can sustain paying a 5.02%

dividend for decades to come.

Anchor holding

Toronto Dominion will occasionally experience short-term price fluctuations. However, it doesn’t mean that temporary pullbacks will discourage investors from investing in the stock. The second-largest bank in Canada is a no-brainer buy for TFSA investors.

This $132.6 billion banking institution should be able to endure a recession that comes its way. TD has solid fundamentals and an enviable 163-year dividend track record. The 3.96% dividend it pays today (or higher in the future) could be your lifelong passive income.

TD’s domestic business segments contribute the most to the bottom line, although U.S. branches outnumber the Canadian branches. Similarly, the recent organizational change opens a new opportunity for the bank to evolve, build, and grow.

Matt Boss, former credit and unsecured business head of TD, will now lead the consumer product team in keeping pace with the fintech craze while boosting lending activities.

Expect TD to prioritize enriching customer experience, incorporate new technology, and drive growth across each of the consumer product portfolios.

Recession-ready

TFSA users can end up holding the bag by investing in speculative assets or selling at a loss. With low-risk stocks such as BCE and TD, however, you’re on the safe side and recession-ready.

The odds of incurring TFSA losses are lower, but the chances of earning more are exceedingly higher.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

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2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:BCE (BCE Inc.)
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