TFSA Investors: Here's an Important Update for February 2020

Description

For this year, the maximum annual limit that you could add to your TFSA account was revised to $69,500 — that's an increase of $6,000. This little extra that you can now invest in tax-free can translate to a hefty sum over time if compounding is taken into account.

If you were to invest today $6,000 worth in stocks with an average of 6% in annual upside and reinvested the earnings, by 2040, you would have gained a nice $13,243 profit on that amount.

The two stocks we will be discussing today, **BCE** (TSX:BCE)(NYSE:BCE) and **Bank of Montreal** (TSX:BMO)(NYSE:BMO), are two reliable stocks with high returns that you should consider for your TFSA this year for a comfortable retirement.

BCE

After a disappointing December, the telecommunication and media giant BCE had a promising start of 2020, with its stock value seeing a 5.3% increase within the first month. There are a lot of reasons why you should consider investing in its stocks this year.

The first is the generous dividend rate the company offers, which currently stands at 5.05%. Furthermore, the company has been steadily increasing its payout to investors with its dividend rate having grown over 117% since 2008.

Investors shouldn't worry about the sustainability of the stock. Stuff such as internet and cable has become a staple across the majority of Canadian households. As such, providers of such services are not likely to be as much affected by the volatility of market cycles.

As the largest telecom and wireless operator in the country, BCE is the provider of such services to over 22 million customers. As new technologies in the telecom space such as 5G rolled out, it presents the company with plenty more opportunities for future growth and expansion.

That, along with its strong record of maintaining a healthy balance sheet and financial position, makes it a high-grade stock for any long-term investor.

Bank of Montreal

BMO, one of Canada's Big Five, is another great stock to consider for your TFSA account. There are many reasons why the bank's stock is an ideal investment. The bank has an unbelievably long nearly two-century streak of maintaining consistent payouts to its investors.

The current yield is on offer at a sweet 4.24%. However, that's not all that makes this bank stock a tempting buy and hold. For the past decade, the bank has seen steady appreciation in its stock value from $52 at the start of 2010 to nearly double at present at $103.37.

With the bank looking to expand its operation into the U.S. market and being at the forefront of financial innovation, its stock is perfect for TFSA investors looking for low risk but high returns.

Summary

BCE and the Bank of Montreal have a forward P/E ratio of 16.93 and 10.05, respectively, making both slightly above fair value. However, the company's long history of dependability, high payouts, and potential for future growth make it a very promising investment.

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