



TFSA Investors: With \$6,000 to Spend, This 1 Stock Should Be at the Top of Your List

Description

Every year, the Tax-Free Savings Account (TFSA) contribution limits are revised by keeping in line the inflation rate of the last year. As many predicted, inflation didn't go through the roof last year; the inflation rate lingered around 1%. Therefore, the CRA has maintained the same TFSA contribution limit for 2020 as it was for 2019.

So, you can put \$6,000 into your [TFSA](#) this year if your existing contribution room was already full in 2019. As the contribution limit hasn't increased, it's crucial to make a sound investment choice. In other words, you could invest this money on a dividend stock that has been experiencing some tremendous headway.

Enbridge Inc ([TSX:ENB](#))([NYSE:ENB](#)) is one name that comes to mind when considering putting stock in TFSA for passive income. With a market cap of over \$110 billion, Enbridge is the largest energy company in Canada.

Apart from its sheer footprint in the Canadian energy landscape, the stock performance of Enbridge is also exceptional.

If you are shortlisting your stock options for the TFSA contribution this year, keep Enbridge at the top of your list. There are various reasons to make Enbridge stock a top priority for the TFSA.

Exceptional dividend payments

Enbridge is one of those few companies that's been able to maintain dividend growth for more than 20 years. Currently, Enbridge stock is traded with a dividend yield of 6.05%.

This dividend percentage is exceptional no matter what metrics you use to evaluate it. Whether we use relative or absolute values, the Enbridge stock dividend yield is as good as it gets.

The other good thing about Enbridge's dividend yield is that it's less vulnerable to any slashing threat in

the near future. Enbridge has tried to make its dividend payments fail safe by having a targeted payout ratio of 65% of its distributed cash flow.

This cautious approach suggests that Enbridge can take care of its expansion and acquisition plans without cutting dividend payments.

Promising future growth

If you prefer to hold stocks for a long period, Enbridge is an excellent option for your TFSA. Even without dividend reinvesting, an investment of \$10,000 in Enbridge stock has grown by over 200% in the last ten years. Given the company's development plans, the same growth trend might continue/

Line 3 Pipeline Project of Enbridge, which was facing hurdles for quite some time, is now back on track. Recently, Minnesota regulators have voted in favor of the project.

Besides Line 3, Enbridge is expecting to launch 10 other projects by 2022. Some careful estimates suggest that Enbridge has \$11 billion worth of secured projects in its growth pipeline.

Furthermore, most of this growth outlook is [debt-free](#). Because of the promising growth, Enbridge is also planning to ramp up its deleveraging from 2022 onward.

Conclusion

Outstanding dividend payment history, well-executed payout strategy, and steady growth prospects can make Enbridge stock a valuable addition to your TFSA. If you haven't used your TFSA contribution limit for 2020 up until now, consider investing in Enbridge.

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