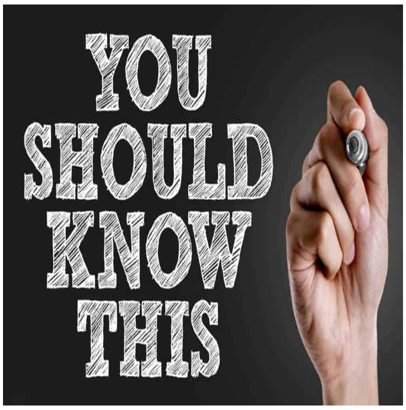

1 Thing All Investors Should Be Doing Right Now

Description

Whether you know what you want to invest in or don't, there's one thing you should try and do right now: stockpile your Tax-Free Savings Account (TFSA) as much as you can. If you haven't maxed out your TFSA, it's a good idea to do that a lot sooner than later. Now's a perfect time to do it, because many people are staying at home and have been able to cut expenses more easily now that there are few places to go.

In a year or two from now, it may become a whole lot harder to save, because if there's one thing that's inevitable at this point, it's that taxes will go up to pay for all the benefits that the government's been paying out as a result of COVID-19.

CERB payments already up to $30 billion

We're only a couple of months removed from the World Health Organization declaring the coronavirus a pandemic, and the Canada Revenue Agency says that it's paid out close to $30 billion in Canada Emergency Response Benefits (CERB).

While people can receive benefits for four months, an extension could very well happen, as the pandemic shows no signs of stopping. Even if some businesses open and people resume working, there are still many that won't. The CRA says there have been 7.6 million applicants for the CERB already.

But it's not just CERB: there are benefits for employers to help cover wages; and there's support for landlords, students, and seniors now who can receive up to $500 in tax-free benefits.

Someone's going to have to pay for all these benefits

While the government is in a giving mood today, you can be sure that in a year or two, it'll turn around, and the government will look for a way to recoup those payouts. Parliamentary Budget Officer Yves Giroux recently stated that it's possible the federal debt could hit $1 trillion by the end of the fiscal year.

The easiest way for the government to make up for these pandemic-related expenses is to raise taxes.

Whether it's sales tax, income tax, or property tax, it wouldn't be surprising to see tax hikes to take place in one or all of those categories in the coming years. While paying off debt isn't a priority for the government today, when that changes, it's the taxpayers who will feel the pain.

A TFSA can help Canadians generate tax-free income

Assuming that the government doesn't go to scrap the TFSA in the process of raising taxes, the account could be a great way for investors to earn tax-free dividend income and keeping at least some money away from the taxman. Finding ways to avoid taxes is going to be very important, and the TFSA is the best way to accomplish that.

And if you're not sure where to invest your money in today, a good place could be the **BMO Canadian Dividend ETF**. The ETF is home to some of the TSX's top dividend stocks, including **Bank of Nova Scotia**, **BCE**, **Emera**, and many others.

More than one-third of the fund's holdings are in financial services and 15% is in utilities, with smaller holdings in other sectors. It provides investors with a good mix of stocks and diversification. The ETF also currently yields around 5.7%.

But regardless of where you invest today, the important thing is to start saving and putting money aside, because it may become much harder to do in the future.

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