TFSA Investors: These 6 Stocks Could Make You a Fortune Over a Lifetime!

Description

The Tax-Free Savings Account (TFSA) might be one of the best ways Canadians can accelerate their lifetime wealth today. Every Canadian investor, whether a beginner or a veteran, should utilize the tax free benefits of this account when investing. There is no better way to compound your fortune than by paying no tax on your investment return (in a completely legal way)!

As of 2020, Canadians were granted a fresh $6,000 contribution to their TFSA. If you were 18 years or older in 2009, you can a deposit a grand cumulative total of $69,500 into that account! If you have $6,000 to invest today, here are six stocks that have potential to build you tax-free, compounding wealth over a lifetime!

TFSA: Income stocks

To simplify your taxes, it can be a great idea to hold some dividend-producing stocks in your TFSA. REITs are generally not eligible for the dividend tax credit, so they are great TFSA stocks.

One REIT that is really attractive today is **Dream Industrial REIT**. It pays a hefty 6.42% dividend! Although DIR's stock is down 15% this year, it is one of the best-quality and most diversified industrial REITs on the TSX.

DIR has a strong balance sheet (28% net debt to assets), which affords it a major opportunity to expand. It presently has $100 million of property acquisitions in negotiations/contract and $300 million of addition acquisition liquidity. All this means that DIR has significant capacity to grow its portfolio and cash flows this year and far into the future.

Another dividend stock that is really attractive today is **Telus**. It one of Canada's largest telecoms. Telus stands to benefit from the continued roll out of 5G over the next few years. It also has some intriguing growth initiatives in international digital/networking services and Canadian digital health services. It pays a 5.15% dividend. Over a long time frame, investors should enjoy some safe income and steady upside in the stock.

TFSA: Dividend-growth stocks

Dividend-growth stocks are great TFSA stocks, because they generate income and capital appreciation simultaneously.

One stock that fits this bill perfectly is **Boralex**. It has a high-quality portfolio of wind and renewable power assets in Canada, France, and the United States. As the world seeks to minimize the negative effects of global warming, demand for renewable power will only increase. Boralex presently produces 2,040 MW of power, but it has strong development pipeline to increase that by a third by 2023. Boralex pays a modest 2.07% dividend; however, it has grown that dividend by a CAGR of 25% over the past six years.

Another very solid dividend-growth stock is **Canadian Pacific Railway**. I like this stock because its assets/services are absolutely essential for the transportation of goods across Canada and North America. Its vast track network is impossible to replace or replicate. CP has been investing heavily in creating operational efficiencies. These will pay off in solid results for many years to come. The stock pays a 1% dividend, but it has raised its dividend almost every year since 2005.

TFSA: Growth stocks

Capital gains are not taxed in your TFSA, but you also don't get any tax deduction from capital losses in the account either. Therefore, I would avoid smaller, speculative growth stocks in my TFSA. Rather, look for growth stocks with strong balance sheets and a consistent history of multiplying shareholder value.

One tech stock to consider is **Descartes Systems.** It provides software solutions for the global logistics industry. Descartes has a very strong growth runway from businesses requiring cloud-based systems to manage their supply/distribution chains. Over the past five years, its stock has delivered a 275% return.

Another solid growth stock for your TFSA is **Open Text**. It is a leading provider of essential cloud-based business services in content, networks, and cybersecurity. Open Text will continue to benefit from the growing work-from-home trend as well as the digitization of businesses across the world. It pays a decent 1.6% dividend, but I believe most of its returns will come from synergistic acquisitions now and in the future.

CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

POST TAG

1. Editor's Choice

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

Category

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

Tags

1. Editor's Choice

Date
2025/09/10
Date Created
2020/07/08
Author
robbybrown