



## Canadians: STOP Saving in Your TFSA!

### Description

The Tax-Free Savings Account (TFSA) was created by the government back in 2009. It's a tool for Canadians to be able to put cash away and take it out when needed, cash free, providing a great way for Canadians to set aside money, keeping net income low as savings grew steadily at interest rate levels.

But here's the problem. The current economic downturn has cut interest rates to lows not seen in decades. These lows mean your savings are barely doing a thing. While you might think, "Hey, at least my cash is safe!" is it? When you factor in inflation, your savings are now making less than inflation at current interest rates. Ouch.

Yet Canadians continue to save in their TFSAs, if they have one at all. Only about half of Canadians have a TFSA. Even worse, more than a third of Canadians have absolutely no retirement savings! But don't worry, there is a way to stop all of these issues right this second.

Stop saving, start investing!

### Start now!

All you need is to open up a TFSA and start investing. Sounds simple? Honestly, it is. Even if you have absolutely \$0 in savings, you simply need to calculate how much you can afford to put aside each month towards saving and investments. A good figure I like to use is 10%. While that doesn't break the bank, it seriously adds up at the end of the year. Say you make the average \$44,000 in salary — that's \$4,400 in savings by year's end! Suddenly, your \$0 is significantly higher.

The next step is to make those payments automatic. You get paid bi-weekly, so the next day have automatic payments to take that 10% and put it into your TFSA. Then, create some watch lists. Solid stocks are solid for a reason, so if you buy and hold for decades the price point doesn't really matter. Instead, what you want are strong stocks that also provide strong dividends. Then you buy those stocks either when your watch list notifies you that prices have dropped, or put a time aside every month, quarter, or year to invest in your stocks.

## Some options

Some stocks to consider adding to your watch list should be **Pembina Pipeline Corp.** ([TSX:PPL](#))([NYSE:PBA](#)) and **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)). Both are strong companies with strong returns and dividends that should continue for the next few years, if not decades.

Pembina is a completely undervalued stock at the moment. It's been hit hard by the slump in oil and gas, yet it provides the solution through its pipelines. Granted, in the next few decades there will be a major shift towards renewable energy. But that's decades off. Today, it's a great investment for investors to consider as it continues its growth projects supported by several decades of long-term contracts.

The company boasts a dividend [yield](#) of 9.09% supported by these contracts as of writing, and a share price at about half of what analysts believe it's worth. A \$4,400 investment would bring in \$396 per year in passive income!

Then there's TD Bank. This is similar to Pembina in that it's in [growth](#) mode. The company expanded into the United States and is now one of the country's top 10 banks, yet has further room to expand. It also has its new wealth and commercial management sector bringing in serious cash. These areas alone keep the company supported even in a downturn.

The bank offers a yield of 5.38% as of writing that was recently just bumped by management. So again, a \$4,400 investment in TD Bank today would bring in about \$232 in annual passive income as of writing.

## Bottom line

Canadians need cash now more than ever. By putting just a little away each month, you can turn nothing into an incredible amount of something. All it takes is a little planning, and suddenly you'll have an enormous amount of cash that isn't just saving, but paying you for your investment!

### CATEGORY

1. Bank Stocks
2. Coronavirus
3. Dividend Stocks
4. Energy Stocks
5. Investing
6. Top TSX Stocks

## TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:PPL (Pembina Pipeline Corporation)
4. TSX:TD (The Toronto-Dominion Bank)

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## Date

2025/08/26

## Date Created

2020/11/05

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