CRA: Got $10,000? 2 TFSA Stocks to Give You $720 of Tax-free Income

Description

The Canada Revenue Agency have provided many benefits to Canadians in this pandemic. For example, the CERB and now the CRB have served as a lifeline for many. But these programs are only a part of the CRA's offerings of help.

The Tax-Free Savings Account (TFSA) was started back in 2009. It provides us with the opportunity to shelter our investments from taxes. It started with a mere $5,000 limit but has progressed to much more today. As of 2021, the TFSA contribution limit is $75,500. This is a sizeable amount that makes a real difference to Canadians' wealth.

It isn't always easy to fully take advantage of our TFSA. Sometimes life happens and we can't actually save as much as we'd like. But do you have $10,000 to invest in your TFSA today? If you do, let me tell you how it can give you $720 in income.

CRA can't touch your TFSA income

By buying stocks in your TFSA, you get tax-free income. You also get tax-free capital gains. Obviously, the more money you put into your TFSA, the more tax savings you get. It goes without saying. You should try to use up as much of your contribution room as you can. This way, your wealth will accumulate faster and higher.

With this in mind, today is a good day to start. And $10,000 is a good number to start with. If you have $10,000, here are two TFSA stocks to buy that will give you $720 of income. Furthermore, both of these stocks will also give you healthy capital gains. Without further ado, here they are.

A 7.9% high-yield TFSA stock that's grossly undervalued

Enbridge Inc. (TSX:ENB)(NYSE:ENB) is one of North America's leading energy infrastructure companies. It transports about 25% of the crude oil produced in North America. It also transports nearly 20% of the natural gas consumed in the U.S. And to top this off, Enbridge Gas is North

America's third largest natural gas utility.

So Enbridge is a critical piece of North America's energy infrastructure. Enbridge stock has been dogged by many issues, some real some not so real. The biggest issue is the opposition to oil and gas, or fossil fuel, energy. This is a real issue — and a big one.

But the bottom line is simple. We know that the transition to clean energy is happening. And it's a good thing. However, this transition will take many years. In the meantime, we will still need oil and gas to power our lives. And in the coming years, we will see the landscape change. Oil and gas companies are also cleaning up. We have yet to find out how far they can go.

All this is to say that I believe Enbridge stock is severely undervalued. Buy it for your TFSA for regular, steady income. As well, $5,000 invested in Enbridge would give you $400 of annual income. Buy it for explosive capital gains as well.

A 6.5% yielding stock with a strong long-term growth profile

NorthWest Healthcare Properties REIT (TSX:NWH.UN) is an owner/operator of a diversified portfolio of healthcare assets in Canada as well as globally. These assets have a defensive stream of revenue. This means that in good times and bad times, these revenues are safe.

The population is aging in many parts of the world. This is an underlying growth driver for any healthcare related companies. NorthWest's healthcare real estate assets are benefitting from this trend. The demand is strong.

Adding NorthWest to your TFSA will give you a steady income flow. If you invest $5,000, you get $330 of annual income.

The bottom line

While these numbers may not seem like a lot, it's okay to start small. One day you will accumulate the full $75,500 TFSA contribution limit. Investing the full amount in Enbridge and NorthWest Healthcare would give you a whopping $5,500 in annual income tax free — plus capital gains tax free. The CRA can't touch it.

CATEGORY

1. Dividend Stocks
2. Energy Stocks

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

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Date
2025/09/16
Date Created
2020/11/26
Author
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