



Canada Revenue Agency: TFSA Limits Are Going up Again in 2021!

Description

If you have a Tax-Free Savings Account (TFSA), then here's some news you'll love: the Canada Revenue Agency (CRA) has confirmed that it will be adding another \$6,000 in contribution room for 2021. That's the same amount that the TFSA has increased by in each of the past two years. Now, the cumulative total for individuals who've never contributed to a TFSA (but been eligible every year) will rise to \$75,500. If you have a spouse, together you can put aside \$151,000 worth of investments that the CRA won't tax you on ([assuming, of course, that you're following the rules](#)).

That's a good chunk of money that you can put aside in your TFSA. Whether you're buying growth stocks or dividend stocks, either one can help grow your savings over the years. If you were to invest in dividend stocks that paid an average of 5% per year, you could earn \$7,550 in tax-free dividend income on a balance of \$151,000. And if those investments are protected inside of a couple of TFSAs, all that income would also be safe from the CRA's hands.

But it's not just [dividend income](#) that's safe. If you were to invest in an exchange-traded fund that closely tracks the NASDAQ, you could've earned a return of around 35% this year. On an investment of \$151,000, that would be about \$53,000 in tax-free gains you'd have in your bank. There's no guarantee the NASDAQ will continue rising at that rate next year, but the point is you can shield a lot of income from the taxman by putting your investments inside a TFSA.

If your TFSA is maxed out or you're just looking to make the most of this new contribution room (remember, it's not available until the new year), then there's one stock that you'll want to keep on your radar in 2021, and that's **Suncor Energy** ([TSX:SU](#))([NYS:SU](#)).

A top energy stock to add to your TFSA

Suncor is a bit of a contrarian buy right now, as the energy giant has seen its share price fall close to 50% this year. But this is an example of a stock that could fare very well in 2021, especially if the coronavirus pandemic is under control in North America — which could very well happen now that three companies have vaccines that are highly effective in preventing COVID-19.

With Suncor stock trading below its book value, it's looking pretty cheap, even though it's been rallying since Joe Biden's election win this month.

However, the company is still struggling — incurring losses in each of its last four quarters. But in its most recent quarter, its loss of \$12 million was a big improvement from the multi-billion loss it recorded earlier in the year. What's important is that Suncor is still generating cash, and in only one of its last 10 quarters has its free cash flow not been positive.

Suncor did cut its dividend payments this year, but it's still yielding a decent 3.7% annually.

With a great dividend and plenty of upside, this could be one of the better stocks to put in your TFSA for 2021.

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