



Canadians: TFSA Limit in 2021 Revealed!

Description

Earlier this month, I'd [speculated](#) what the Tax-Free Savings Account (TFSA) limit would be for 2021. When the Justin Trudeau-led Liberals came to majority rule in 2015, they reduced the annual contribution limit to \$5,500. This remained in place until 2019, when it was increased to \$6,000. In the article linked above, I'd suggested that we were unlikely to see any radical changes in the annual contribution limit. Well, Canadians got an answer on the subject in late November.

What does the TFSA limit look like for 2021?

Late last week, the Government of Canada unveiled new income tax adjustments and revealed the TFSA limit for 2021. It will stay at \$6,000 next year. That means the cumulative TFSA contribution room will rise to a whopping \$75,500 in January 2021. Some Canadians may have wished for a larger increase, but this is a great amount of room to work with over the course of the decade.

It is worth noting that the annual contribution room applies to those who were eligible since the account was launched in January 2009. Canadians who were eligible to open an account in 2018, for example, will see their cumulative room increase to \$23,500 in 2021.

How should you use this account over the next decade?

During the 2010s, the TFSA emerged as the favourite registered account among Canadians. It offers tremendous flexibility for investors of all stripes. Whether you are chasing big growth, steady income, or a balanced approach, the TFSA is the [first account](#) you should look to max out. We entered 2020 with a huge amount of cumulative room compared to when the TFSA was in its infancy at the beginning of the previous decade. Below are two stocks I'm very bullish on for the rest of this decade. One offers great value and even better income, and the other is on an exciting growth trajectory.

New TFSA limit: Two super stocks to add before the New Year

Bird Construction ([TSX:BDT](#)) is an Ontario-based company that operates as a general contractors across the country. Its shares have climbed 7.6% in 2020 as of close on November 26. The stock is up 16% year over year.

In Q3 2020, Bird Construction reported weaker volumes, but gross profit improved from the same period in 2019. Adjusted earnings rose to \$12.4 million, or \$0.29 per share, compared to \$6.8 million, or \$0.16 per share, in the prior year. Adjusted EBITDA increased \$8 million year over year to \$22 million. The COVID-19 pandemic threw up challenges for Bird, but it has responded well to uncertainty regarding its many projects. It is well positioned for growth as vaccines look imminent in early 2021.

Shares of Bird last had a favourable price-to-earnings (P/E) ratio of 13 and a price-to-book value of 1.9. Even better for TFSA investors, Bird boasts a monthly dividend of \$0.033 per share. That represents a strong 5.3% yield.

goeasy ([TSX:GSY](#)) is my other top stock for TFSA investors. This Mississauga-based financial services company is an exciting growth prospect. It is not a slouch in the income department either. Shares of goeasy have climbed 29% in 2020.

In the third quarter of 2020, the company delivered its 42nd consecutive quarter of same store sales growth. Total liquidity rose 16% to \$250 million. goeasy generated \$287 million in loan originations in Q3 2020, barely up from the prior year. This was an impressive feat in a devastated economy. Its loan portfolio increased 14% to \$1.18 billion.

TFSA investors should be enticed by its strong growth potential. Keep an eye out for its new three-year forecast that it intends to re-publish as conditions stabilize. Shares of goeasy possess a favourable P/E ratio of 14. It also offers a quarterly dividend of \$0.45 per share, representing a 2% yield. The company has delivered six consecutive years of dividend growth.

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