



TFSA: Buy These 2 Stocks With Your \$6,000 Contribution Room

Description

December is already here, which means 2021 is rapidly approaching. By this time of the year, many Canadian investors are excited, waiting until the new year when more TFSA contribution room becomes available.

In 2021, Canadians who are eligible for the TFSA will gain another \$6,000 of contribution room — a significant amount. \$6,000 amounts to \$500 a month, so if you want to contribute the full amount throughout the full year, setting aside \$500 a month in your budget will get you there.

Canadian citizens become eligible for the TFSA the calendar year they turn 18. For those who have been eligible for the TFSA since year one, by January, you will have a total contribution room of \$75,500.

Having the ability to invest over \$75,000 and keep all the proceeds is a remarkable opportunity. So, here are two of the top **TSX** stocks to consider adding to your portfolio with your new contribution room.

A top renewable energy stock for your TFSA

It's no secret that climate change is continuing to have an impact on all of us. Every day, more and more evidence points to the irreversible damage being done to the atmosphere, highlighting the urgency to change our ways and clean up the environment.

While it's important that this gets acknowledged, what's actually needed is governments taking action, which we are increasingly seeing. And while that's a big positive for the world, it's also creating an excellent opportunity for investors of renewable energy stocks.

There are several high-quality green energy stocks on the TSX for you to consider adding to your TFSA. One of the best to buy today would have to be **Algonquin Power and Utilities** ([TSX:AQN](#))([NYSE:AQN](#)).

Algonquin is the ideal stock today, because it still offers the long-term potential of the renewable

energy sector while also offering significant stability through its [utilities business](#).

Its utilities business provides gas, electricity, and water distribution as well as wastewater treatment. These businesses operate in over a dozen states and serve upwards of 750,000 customers.

Right now, Algonquin's utilities segment accounts for roughly two-thirds of its operating income. But with the major growth potential in the renewable energy sector, that share of its income is set to shrink over the next few years. Its power generation segment has more than 35 clean energy facilities, with more sure to come over the next decade.

In an environment like today's with considerable uncertainty and an economy that's in recovery, having exposure to growth and defence is ideal for investors. Plus, Algonquin pays a dividend that's yielding roughly 4%. And if you buy the stock in your TFSA, you don't have to worry about paying tax on any of your profits.

Top telecom stock

Another great long-term industry that's perfect for your TFSA is the telecommunications industry. One of the top telecom stocks to buy today is **Telus** ([TSX:T](#))([NYSE:TU](#)).

[Telus](#) is an ideal stock for your TFSA, because the telecommunications industry, like Algonquin, offers investors solid stability first with the added bonus of long-term growth potential.

So far in the pandemic, its revenue is down less than 5%, and its profitability has actually increased. This is promising news for investors showing how stable its operations are in addition to its dividend.

That dividend yields roughly 5% today. However, the main reason for a Telus investment is its long-term growth potential, especially with the introduction of 5G technology.

Several stocks will see a positive impact from 5G technology. However, telecoms are some of the best. The natural and recurring revenue will grow for years and help fund several dividend increases over the coming years.

Bottom line

It's crucial you find the best TSX stocks to buy for your TFSA to save on the tax. However, be careful not to buy stocks that are too risky, because if you lose your money and the corresponding TFSA contribution room, you'll never get it back.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:TU (TELUS)

3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:T (TELUS)

PARTNER-FEEDS

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

Category

1. Dividend Stocks
2. Investing

Date

2025/08/22

Date Created

2020/12/01

Author

danieldacosta

default watermark

default watermark