Got $6,000? Buy These 2 Dividend Stocks With the New TFSA Limit in 2021

### Description

A few weeks from now, Tax-Free Savings Account (TFSA) users will have new contribution rooms. The yearly limit for 2021 is $6,000, the same limits in 2019 and 2020. With the additional contribution room, the total contribution room will go up to $75,500 (accumulated from 2009).



TFSA users with spare cash of $6,000 can buy a pair of dividend stocks that pay fantastic dividends. Your seed capital will produce $480 in passive income. If you haven't used up all your TFSA contribution room this year, you can buy more shares as it carries forward to 2021.

## Titan of pipelines

The titan of pipelines is the go-to stock of income investors chasing after a long-term financial goal. **Enbridge** (TSX:ENB)(NYSE:ENB) has consistently paid dividends for the last 65 years. It currently offers a high 8% yield. Over the past 25 years, this $84.16 billion company has rewarded investors with a double-digit dividend growth rate.

Enbridge's core business is its vast pipeline network (crude oil & liquids pipelines and natural gas transmission pipelines). Distributable cash flows have been robust for decades because of the pipelines essential to the energy industry. Management expects to complete four expansion and extension projects. The in-service dates are all in 2021.

Furthermore, Enbridge is increasing its renewable energy assets. The in-service date of the Alberta Solar One Project, a 10.5-megawatt (MW) solar energy project, is in Q1 2021. The 480-megawatt Saint-Nazaire Offshore Wind Project in France will be operational in 2022. If you're looking for the competitive advantage, it's the diversified revenue stream.

## A dividend play on shaky ground

COVID-19 inflicted heavy damage on one of Canada's largest real estate investment trusts (REIT). **RioCan** (TSX:REI.UN) investors are losing by 28% year-to-date but sticking around because the stock is a pure dividend play. This $5.63 billion REIT pays a lucrative 8.12% dividend.

Since the retail space's future is very uncertain, RioCan is shifting toward the more robust mixed-use residential market. The REIT might expand or foray into non-traditional sectors such as medical facilities, although it could take some years.

RioCan's net income from continuing operations in 2019 grew by 47% to $775.8 million compared to 2018. This year, it might drop to $80.3 million due to the impact of COVID-19. There's guarded optimism that RioCan can still recover lost ground. COVID vaccines might come in 2021. Canadian shoppers could return in hordes when conditions are safe and back to normal.

This REIT used to stand on solid ground until the coronavirus outbreak disrupted its rental business. The portfolio consists of 221 properties, including office, residential rental and 16 development properties. RioCan derives 50.8% of annualized rental revenue from the Greater Toronto Area (GTA).

Even with the changing retail landscape, RioCan's retail committed occupancy in six major markets is 94.6%. Among its tenants are the biggest retail names, such as **Canadian Tire**, **Dollarama**, **Loblaw**, **Metro**, and **Walmart**. Analysts forecast a 52% upside ($17.74 to $27 per share) if the economy improves in the next 12 months.

## Renewed opportunity



The savings rate of Canadian families is rising amid the pandemic. Earning tax-free income via the TFSA could be the new normal in 2021. However, understand the risks of each investment choice and make informed decisions before taking a position.

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1. Dividend Stocks
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2. TSX:ENB (Enbridge Inc.)
3. TSX:REI.UN (RioCan Real Estate Investment Trust)

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