



## 2 Tremendous Stocks to Buy With Your New 2021 \$6,000 TFSA Limit

### Description

The COVID-19 vaccine candidates obtaining regulatory clearances for distribution globally and the announcement of the Tax-Free Savings Account (TFSA) limit for 2021 are exciting news for Canadians. The first could mean the pandemic's end within a year, while the second is a fresh impetus to save and [create tax-free income](#).

TFSA users wait every November for the Canada Revenue Agency (CRA) to announce the coming year's annual contribution room. Since \$6,000 is the new annual cap in 2021, the cumulative contribution room (since 2009) bumps up to \$75,500. As the year comes to close, TFSA users would be looking for tremendous stocks to buy.

If you're searching too, include **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)) and **Power Corporation of Canada** ([TSX:POW](#)) in your watch list. The two belong in different sectors but have one thing in common – fantastic dividend yields.

### Colossal tax-free income

High-yield is usually the primary consideration of TFSA users with new contribution limits. Pembina Pipeline is a super income stock because it pays a lucrative 7.59% dividend with monthly payouts.

Your \$6,000 will produce \$37.95 per month. Assuming your available room is the full \$75,500, the monthly income stream is \$477.54 and [100% tax-free](#). Over the last three years, earnings have grown at an over 30% compound annual growth rate (CAGR). The immediate goal is to generate 80% of EBITDA from fee-based contracts.

Pembina's core business of transporting crude oil, natural gas and natural gas liquids (NGLs) will endure for decades. The \$18.7 billion company owns a vast pipeline network (18,000 kilometres) that can transport three million barrels of oil equivalent per day.

Also, Pembina has 19 gas processing facilities and can process six billion cubic feet of gas daily. Hence, the 23-year old company provides vital services to the oil and midstream industry. The

dividends are sustainable due to long-term contracts and various growth projects.

## Power your TFSA

If you need to split your 2021 TFSA limit for diversification and to spread out the risks, Power Corp. is the right choice. This insurance stock pays a generous 6.01% dividend. It has also grown its dividend at a rate of 7% CAGR in the last three years.

Power Corp. is a \$20.47 billion diversified international management company with stakes in financial services, asset management, sustainable and renewable energy firms. It wholly owns **Power Financial Corporation**, the anchor investment and lead contributor to earnings.

The insurance business is also providing stable earnings, notwithstanding the industry headwinds. **Great-West Lifeco**, **IGM Financial**, and **Pargesa** are Power Corp.'s top franchises. This bunch specializes in insurance, asset management, wealth and retirement. In the last couple of years, the group has been implementing an active financial technology strategy.

Like Pembina Pipeline, Power Corp. is an ideal addition to a TFSA dividend portfolio. It's an excellent dividend play, but do not expect an exponential stock appreciation. At best, analysts forecast the price to climb from \$30.01 to \$35 in the next 12 months.

## Be well-off in 2021

TFSA users can look forward to a brighter and prosperous 2021 with the twin news. Canada has ordered three leading vaccine candidates for its citizens, while the CRA has announced the new annual contribution limit. Maximize your limit to get the most from your TFSA.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:POW (Power Corporation of Canada)
3. TSX:PPL (Pembina Pipeline Corporation)

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