The CRA Increased the TFSA Contribution Limit for 2021: Top Stocks to Buy

Description

The TFSA contribution limit in 2021 will be $75,500. Since its inception in 2009, the CRA has increased the TFSA contribution limit every year. The CRA started the TFSA in order to encourage savings. And it has done just that. Today, the TFSA contribution limit is significant and meaningful. At $75.500, investors can shelter a lot of money from taxes.

So, an additional $6,000 TFSA contribution room will be added in 2021. Have you fallen behind in your TFSA contributions? Don't worry, here is a list of top stocks to buy. Are you up to date in your contributions? Well, then in 2021, you will have to decide what to do with the extra $6,000 TFSA contribution room.

Without further ado, here is my list of top stocks to buy for your TFSA.

Fortis stock: Steady as she goes

As a utility company, Fortis is as defensive as you can get. This may just be what you need right now. While there are no guarantees, this one is close.

Fortis (TSX:FTS)(NYSE:FTS) is a North American leader in the regulated gas and electric utility industry. This industry carries out through the good times and bad. Also, Fortis stock has a dividend yield of almost 4%. This dividend is supported by strong, predictable cash flows. It's also supported by a rock-solid balance sheet.

Fortis stock is still trading below pre-pandemic levels. Yet its revenue and cash flows have been minimally affected. Fortis stock is a stock to buy for your TFSA today for tax-free dividend income.

Canadian Natural Resources stock: A top TFSA energy stock with big upside

Canadian Natural Resources (TSX:CNQ)(NYSE:CNQ) is a premier Canadian oil and gas company. It is characterized by the advantages of its strong business model. For example, Canadian Natural generates strong cash flows. Also, these cash flows are relatively predictable. Lastly, Canadian Natural has a strong dividend history and profile. It's an oil and gas company that has a 15-year history of annual dividend growth of 19%.

This is all very special for an oil and gas company. It's why I recommend Canadian Natural Resources stock. With the vaccine on its way, oil and gas markets have been strengthening. This stock will participate big in an oil and gas rally. Yet it offers downside protection if things don't work out so well. For example, CNQ is yielding over 5%. In your TFSA, this tax-free income will make a difference.

Northwest Healthcare Properties: A REIT for top TFSA dividend income

Lastly, **Northwest Healthcare Properties REIT** (TSX:NWH.UN) would also make a good addition to your TFSA. Northwest owns and operates a variety of healthcare real estate assets. From medical buildings to hospitals to labs, Northwest has a steady supply of revenue generating assets.

I recommend this stock for your TFSA for two reasons. First, for the dividend yield. With a yield of almost 6.5%, Northwest generates significant income for investors. Second, Northwest is in a very defensive industry: the global healthcare real estate industry. The demographics support this industry today. And it has strong secular growth trends for the future.

Motley Fool: The bottom line

The TFSA is a crucial part of our investing arsenal. We should use it to the fullest extent if we can. Because the tax savings will compound over the years. And they will have an increasingly significant impact on our saving. In this article, I've recommended Fortis stock, Canadian Natural Resources stock, and Northwest Healthcare stock. These are stocks to buy, as the CRA increases the TFSA contribution limit in 2021.

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1. Editor's Choice

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2. NYSE:FTS (Fortis Inc.)
3. TSX:CNQ (Canadian Natural Resources Limited)
4. TSX:FTS (Fortis Inc.)
5. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

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1. Editor's Choice

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