



TFSA: 3 Stocks I'd Buy Now With an Extra \$6,000

Description

Canadian investors are getting another \$6,000 added to their TFSA limit in 2021.

TFSA investing 101

The cumulative limit will reach \$75,500 in 2021. That gives investors great flexibility to own top stocks for a personal pension fund.

Young investors can add money as it becomes available through their regular savings plans. Retirees with money sitting in taxable accounts can take advantage of the TFSA to generate tax-free income to complement pensions. The advantage with the TFSA is that the earnings on the investments won't trigger the Canada Revenue Agency's [OAS clawback](#).

Money removed from the TFSA frees up new contribution space equivalent to the amount withdrawn. The new TFSA limit space becomes available in the following calendar year.

Top TFSA stocks for 2021

The market rebound off the 2020 crash came as a surprise to many investors. With stock markets now near record levels, investors need to be cautious when putting new TFSA money to work in 2021.

Look for top stocks that still trade below the 12-month highs and offer strong outlooks for dividend growth in 2021 and beyond. A rotation into [top dividend stocks](#) could be significant next year, as investors book profits on growth stocks and start searching for reliable yield.

Let's take a look at **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)), **BCE** ([TSX:BCE](#))([NYSE:BCE](#)), and **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) to see why they might be top TFSA picks for 2021.

Is Bank of Nova Scotia stock a safe buy in 2021?

Bank of Nova Scotia trades near \$68 per share compared to \$75 before the pandemic. The stock isn't as cheap as it was earlier this year, but Bank of Nova Scotia should still see strong upside momentum in 2021. The stock trails its peers on the 2020 recovery due to the large exposure to Latin America. Bank of Nova Scotia's international operations typically generate about a third of adjusted profits.

The core international focus is on the Pacific Alliance countries of Mexico, Peru, Chile, and Colombia. These economies took a beating in 2020, but they should rebound in the second half of next year, as global fiscal stimulus measures drive up demand for copper and oil.

Bank of Nova Scotia's dividend provides a 5.3% yield.

Should BCE stock be on your TFSA buy list now?

BCE is Canada's largest communications company. With a market capitalization of \$50 billion, BCE has the financial firepower to invest the capital required to upgrade its vast wireless and wireline network infrastructure to ensure its customers get the broadband they need.

The media group took a hit this year, but the TV network and radio stations should see ad revenue improve in 2021. Sports teams will likely return to regular schedules and venues once the broader public has access to COVID vaccines. The Canadian government recent said most people in Canada should be [vaccinated by September](#).

BCE trades near \$55 compared to \$65 in February. TFSA investors who buy now can pick up a 6% yield.

TC Energy

TC Energy is primarily a natural gas transmission company with vast pipeline networks connecting producers and customers across Canada and throughout the United States.

The business also includes oil pipelines and power generation assets. The future of the Keystone XL pipeline remains up in the air, but this is just one part of a \$37 billion secured capital program.

TC Energy expects new assets to boost cash flow enough to support a dividend increase of 8-10% in 2021 and annual hikes of 5-7% beyond next year. That's great guidance in the current environment and a bonus for TFSA income investors.

The stock trades near \$55 per share compared to the 12-month high around \$76. Investors can get a 5.8% yield right now and wait for the dividend hike to boost returns next year.

The bottom line

Bank of Nova Scotia, BCE, and TC Energy are all top dividend stocks with above-average yields. The

shares appear cheap right now and should deliver decent upside in 2021 and beyond.

If you have some cash on the sidelines for your TFSA in 2021, these stocks deserve to be on your radar.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
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POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:BNS (The Bank of Nova Scotia)
3. NYSE:TRP (Tc Energy)
4. TSX:BCE (BCE Inc.)
5. TSX:BNS (Bank Of Nova Scotia)
6. TSX:TRP (TC Energy Corporation)

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