



2021 TFSA Contribution Room: 2 Dividend Stocks I'd Buy With \$6,000

Description

There is increasingly encouraging news regarding the effectiveness of the COVID-19 vaccine. Despite the positive news on that front, widespread inoculation will take at least till mid-2021, and worldwide cases of the disease continue rising.

There is a chance that governments could impose more restrictions, thus slowing down the economic recovery. The widening gap between equity markets and the global economy could create further problems that can cause [another market crash](#).

Amid the uncertainty, investors are seeking safe and reliable dividend stocks to supplement their account balances. I will discuss two of my picks for safe dividend-paying stocks that you can consider adding to your investment portfolio.

Fast food royalty

Pizza Pizza Royalty (TSX:PZA) is a stock I rarely discuss but could prove to be an excellent addition to dividend-income portfolios. As its name suggests, Pizza Pizza Royalty operates pizza businesses with several franchises. You might know the names Pizza Pizza and Pizza 73. Both of these pizza places under its belt provide PZA with relatively safer cash flows than less-franchised companies.

The royalty is based on sales rather than profits. The company has also invested in revamping the delivery, pick-up, and digital ordering model during the pandemic-induced restrictions. It means that the company can rely on its deliveries and pick-up sales to offset the loss of sales if there are dine-in restrictions.

The reopening of its locations has increased footfall and allowed the company to increase its cash flows. It is also prepared for more lockdowns through its improved delivery and pick-up infrastructure.

Telecom giant

Telus Corp ([TSX:T](#))([NYSE:TU](#)) is my second pick for safe dividend stocks that I would buy with the additional \$6,000 Tax-Free Savings Account (TFSA) contribution room. In the digital age, telecom companies like Telus have become essential businesses that must continue operating regardless of any pandemic.

Telus is the leader in Canada's telecom sector. Its wireline and wireless network provides subscribers with world-class TV, mobile, and internet services. The company did not jump on the media asset bandwagon like most of its peers, saving the company significant overhead costs.

Telus launched Telus Health to enter the healthcare sector. Telus is now providing digital solutions to doctors, insurance companies, and hospitals. It means that Telus is at the forefront in the industry niche, and it can boost its cash flows in the coming years through this move.

Foolish takeaway

If you are a TFSA investor looking to maximize the use of your additional \$6,000 contribution room after the [2021 update](#), it would be best to allocate it to reliable dividend stocks. Telus Corp. and Pizza Pizza Royalty are both excellent companies for this purpose.

Telus can continue generating revenues regardless of a harsh economic landscape. While Pizza Pizza might see some loss of income due to more lockdowns, it can offset its losses through its delivery, pick-up, and digital sales. These two names deserve to be on the top of your radar in 2021.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:TU (TELUS)
2. TSX:PZA (Pizza Pizza Royalty Corp.)
3. TSX:T (TELUS)

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