



## TFSA Investors: Where to Invest \$6,000 Right Now

### Description

Investing in the TFSA ([Tax-Free Savings Account](#)) should be prioritized, as this registered account is tax sheltered. It means while any contributions to this account are not tax deductible, withdrawals in the form of capital gains, dividends, or interests are exempt from Canada Revenue Agency taxes.

It suggests the TFSA is ideal to hold dividend and growth stocks that can create massive wealth over the long term. The TFSA contribution limit for 2021 is \$6,000, and you can diversify your equity holdings by investing across sectors.

### TFSA growth stocks

Growth stocks have the potential to increase your investments at an exponential rate. For example, an investment of \$1,000 just after **Shopify's** IPO would be worth close to \$60,000 today. You need to identify similar companies that are part of rapidly expanding addressable markets, allowing them to grow revenue and earnings at a robust pace.

A few of the top Canadian growth stocks other than Shopify include the following:

- **Lightspeed POS**
- **Constellation Software**
- **Nuvei**
- **Docebo**
- **Dye & Durham**

Investors looking for further diversification in the tech sector can buy **iShares S&P/TSX Capped Information Technology Index ETF**, which has returned 621% in the last 10 years. Comparatively, the S&P 500 has gained just over 300% since June 2011.

### Dividend stocks

Investors who want to generate a steady stream of passive income should consider [purchasing dividend stocks](#). Companies pay shareholders a portion of their profits that are known as dividends. So, in order to pay a dividend, the company needs to remain consistently profitable and derive cash flows across economic cycles.

The best dividend-paying companies are those that are able to increase these payouts each year. Dividend-growth companies reinvest cash flows into the business, allowing them to expand their base of cash-generating assets which in turn will support higher payments. A few Canadian dividend-paying stocks with their respective yields include the following:

- **Enbridge:** 6.75%
- **TC Energy:** 5.52%
- **Toronto-Dominion Bank:** 3.6%
- **Telus:** 4.6%
- **Canadian Utilities:** 5%
- **Capital Power:** 4.91%
- **Algonquin Power & Utilities:** 4.44%

## High-risk investments

If you are new to the workforce, you might want to allocate a small portion of your savings towards high-risk assets that can generate multi-fold returns over the long term. An alternative asset class that has gained popularity in the last decade is cryptocurrencies.

For example, the price of one Bitcoin has increased 315 times in the last eight years. So, an investment of \$500 in Bitcoin back in June 2013 would be worth \$157,500 today. Comparatively, Ethereum has returned an earth-shattering 2,800% in the last six years.

Despite these staggering gains, the prices of Bitcoin and other cryptocurrencies are trading over 40% below record highs giving investors an opportunity to buy the dip. Cryptocurrency investors can either buy Bitcoin or Ethereum ETFs that are trading on the TSX or shares of crypto-mining companies such as **Galaxy Digital Holdings**.

Investors need to understand that the crypto-space is disruptive and volatile, making it vulnerable to wild price swings. You need to invest an amount that you can afford to lose in this asset class.

### CATEGORY

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2. Investing
3. Tech Stocks

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**Date**

2025/09/27

**Date Created**

2021/06/28

**Author**

araghunath

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