

1 Tax Break to Remember Every Year

### Description

One problem with the human psyche is that we tend to take many good things for granted just because they are always available. One example is good health. We don't appreciate it enough until we become sick.

The notion extends to other good things as well, including tax breaks. Most financially savvy Canadians are always looking for the newest deductions and tax credits they can claim to lighten their tax bills. But many Canadians, in the pursuit of something new, tend to overlook one of the ever-available tax breaks, i.e., RRSP contributions, even though it's one of the most "sizeable" tax breaks there is.



If you can maximize your RRSP contributions and put in 18% of your income in this retirement-oriented, tax-sheltered account, you can reduce your tax bill by thousands of dollars (in most cases). And if the money you are putting away is invested in the right asset, you also get to take advantage of the time factor (since you give your investment more time to grow).

RRSP contributions are one tax break you should remember every year, and you should always try to take full advantage. And if you are looking for the right stocks to divert your RRSP savings in, there are two that should be on your radar.

## A food-processing company

**George Weston** (TSX:WN) is a Toronto-based company that has been operating since 1882. Started by Canada's once biggest baker, the company has evolved into a holding company, which is practically a food-related empire. It has three core underlying businesses: **Loblaw Companies**, **Choice Properties**, and Weston Foods, which is the primary baking business the company started from.

The diverse business portfolio is quite healthy for the company's financials. It has grown its revenues quite consistently for the last three years, and its revenues remained steady in 2020 as well. We can chalk this up to the benefit of being a food- and pharmacy-related business (through Loblaw).

The company has been growing its payouts for nine consecutive years and is currently offering a modest yield of 1.7%. The 10-year CAGR of 8.3% is not very encouraging, but the stock *has* picked up pace recently and might develop a powerful enough growth momentum to grow your RRSP funds.

## A U.S.-based water services company

If you are looking to add a U.S.-based business to your retirement portfolio, **Global Water Resources** (TSX:GWR)(NASDAQ:GWRS) might be worth considering. This Arizona-based company offers a wide variety of water services that cover the entire water cycle, including wastewater and recycled water. The company had over 49,000 active service connections by the end of 2020.

The company has been steadily increasing its number of connections, as well as its revenue over the last five years. As an essential business, GWR is relatively sheltered from market downturns. Still. The stock slumped during the crash but it was back to its pre-pandemic valuation before the year was over. The company offers an impressive five-year CAGR of about 20%, and if it can continue its growth pace, it can boost your retirement nest egg growth.

## Foolish takeaway



For most Canadian investors, the priority is usually to maximize their TFSA contributions, and it's easy to understand why. TFSA funds are easily accessible whenever you need them, unlike RRSP funds that are effectively beyond your grasp till you retire. Still, it's a good idea to have a long-term view of your financials, and RRSP contributions, in addition to being a potent tax break, are an important part of your retirement planning.

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2. TSX:GWR (Global Water Resources, Inc.)
3. TSX:WN (George Weston Limited)

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adamothman