



## TFSA Investors: 2 Top Canadian Stocks to Buy in 2022

### Description

The beauty of the [Tax-Free Savings Account](#) (TFSA) is the flexibility of the account. They can be used for short- or long-term goals. In addition to that, Canadians have the option to hold a variety of different funds in the account. But perhaps the main advantage of contributing to a TFSA comes in the tax benefits.

Canadians are eligible to make withdrawals from their TFSA at any point in time, completely tax-free. Even better, capital gains are not taxed. Meaning that your investments can compound year after year, and you won't need to pay any tax when you finally withdraw your funds.

The catch is that there are annual contribution limits. In 2022, the limit is \$6,000. If you're saving for retirement, \$6,000 may seem rather insignificant compared to your savings goal. Investors need to keep in mind that a \$6,000 investment that's compounding tax-free each year can grow into a massive nest egg with time.

There's one additional note on contribution limits that investors need to be aware of. The \$6,000 limit in 2022 is for contributions only. If you invest \$4,000 on January 1, and that investment grows to \$10,000 within the year, you still have \$2,000 of contribution room in 2022.

### Investing in growth

As you can see, compounding growth is the secret weapon to building wealth in a TFSA. If you're maxing out your contributions each year and investing in stocks, there's no reason why the TFSA cannot be treated as a savings account for retirement.

Investing in the stock market can provide your portfolio with the necessary growth to compound each year. There may be years with mediocre returns, or even losses, but over the long term, the stock market is one of your best bets for building wealth.

With a fresh contribution limit around the corner, I've got two [Canadian stocks](#) on my radar. I'll be looking to add them to my TFSA in early 2022. The two companies are perfect for anyone that's using

their TFSA for a long-term savings goal, such as retirement.

## TFSA pick #1: Toronto-Dominion Bank

There are a lot of reasons to own shares of a major Canadian bank. Dependability, passive income, and growth are three of the main reasons why **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) is on my TFSA shopping list in 2022.

For decades, the banking sector has been among the most dependable places for Canadians to be invested. It may not be the fast-growing growing area of the market but owning individual shares of one of the Big Five can provide you with market-beating growth potential over the long term.

On top of growth, the Big Five own some of the top [dividend](#) yields you'll find on the **TSX**. At today's stock price, TD Bank's annual dividend of \$3.56 per share is nearing a 4% yield.

## TFSA pick #2: Brookfield Asset Management

Next on my list is a company that is as well diversified as you'll find. **Brookfield Asset Management** ([TSX:BAM.A](#))([NYSE:BAM](#)) owns and operates businesses across the globe, spanning all kinds of different sectors and industries.

Why own an index fund when you could own shares of this Canadian stock? Even with its broad diversification, Brookfield Asset Management is no stranger to outperforming the market. The stock is up a market-crushing 150% over the past five years. In comparison, the **S&P/TSX Composite Index** is up less than 40%.

For anyone just beginning their TFSA investing journey, Brookfield Asset Management is an excellent choice. The company will instantly provide your portfolio with much-needed diversification as well as market-beating growth potential.

### CATEGORY

1. Investing

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2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:BN (Brookfield)
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