TFSA Contribution Room Might Not Increase Until 2023

Description

The TFSA contribution room has been $6,000 a year since 2019. The limit is expected to be $6,000 for the next year as well, despite the rising inflation, for which the contribution room is usually adjusted. However, there are speculations that the limit might increase by $500 (since that's the usual "step up") in 2023.

Still, $6,000 is a healthy enough amount, and even without the raise, you can do a lot with it in the right stocks.

An energy sector company

In the energy sector, natural gas is currently a much better business to be in compared to oil. It's one of the reasons why you see so many energy companies rebranded as natural gas companies, including **Ovintiv** (TSX:OVV)(NYSE:OVV). It's a Calgary-based exploration and production company that has been moving downhill since its peak in 2008.

The company has three core assets, and all three are oil/condensate/liquids focused. Two of these assets are located in the U.S. and one is in Canada. And only one of three other projects the company has a stake in focused on oil.

The oil-heavy orientation of the company was an asset during the post-pandemic recovery phase. The sector-wide growth catapulted the company stock over 1,200% at its best. And though the downward motion has started again, it's not nearly as steep a decline as it would have been in a proper correction. Still, the stock might be a good buy when it hits rock bottom again for another recovery-driven growth phase like 2020-2021 one.

A financial services company

If you are not interested in investing in a long shot that might not pay off, at least not until the conditions are right, and you are looking for something that has proven its mettle, **Sun Life Financial** (TSX:SLF

)(NYSE:SLF) is a good stock to consider.

As one of the largest life and health insurance companies in North America, Sun Life already has a distinct competitive advantage, which, coupled with its magnitude, global reach, and resources, make it a highly stable company that is able to withstand the financial consequences of some economic blows.

The company has almost always been a healthy and relatively stable growth stock. It has been growing at a steady pace since the end of the great recession, and if the current fair valuation is any indication, the company might be able to sustain that pace for decades to come. The 3.1% yield is another compelling reason to put this company in your TFSA.

Foolish takeaway

The TFSA contribution room is healthy enough as it is, but growth will always be appreciated. An additional $500 every year might help Canadian investors expedite their wealth-building pace and get more "juice" out of their TFSAs. But that requires much more than simply filling the TFSA to the brim. It also requires them to put the right assets in the account.

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Date
2025/08/16
Date Created
2021/12/22

Author
adamothman