TFSA Investors: 3 Stocks to Buy With New $6,000 Limit

Description

The TFSA contribution limit for 2022 will be $6,000, like 2020 and 2019. Ideally, it should have been increased to counteract the higher inflation rate. But even if it wasn't, you can make up for the limited contribution room with the right assets.

A restaurant chain company

Restaurant Brands International (TSX:QSR)(NYSE:QSR) has earned the title of an aristocrat by growing its payouts for six consecutive years. The growth slowed down quite a bit between 2020 and 2021 when the company only raised its payouts by $0.01 per share (from $0.52 to $0.53 per share), but it allowed it to remain a strong dividend stock.

The company is currently offering a modest 3.6% yield, and if you invest $2,000 of your yearly TFSA contribution room to this company, you will get a $72 per year annual tax-free income. The capital appreciation potential of the company has been almost non-existent for the last five years, and even the post-pandemic optimism didn't do much to push the stock upwards.

However, if the underlying businesses, especially Tim Hortons, regain their former glory and win over new clientele, it can trigger an upward trend for RBI.

An insurance company

Insurance companies, especially ones as massive as **Great-West Lifeco** (TSX:GWO), tend to be relatively safe businesses to invest in. But they are also dull, especially when it comes to growth. GWO is no exception, but it offers a healthy combination of modest, long-term growth potential and juicy/safe dividends to deserve a place in your TFSA portfolio.

With $2,000 capital, the company can produce $94 every year for you if you lock in the current 4.7% yield. And the value is great right now, with the price-to-earnings at 10.5. However, an even better time to buy would be when the stock finally enters the correction phase, since currently, it's riding the post-pandemic growth wave.

If you wait for the price to become more discounted than the current 6.2% from its 2021 peak, you will be able to lock in a higher yield and have a better chance at capital appreciation.

A waste management company

GFL Environmental (TSX:GFL)(NYSE:GFL) is a $14.6 billion (market capitalization) company dedicated to environmentally conscious waste collection and disposal. It caters to both residential and corporate clients and offers a wide range of services, including infrastructure solutions related to waste management as well as liquid and special waste treatment.

As the fourth-largest company of its kind in North America, the company has a distinct competitive advantage. It's also a relatively new stock on the TSX and only started trading in early 2020. Since then, it has been going steadily up and has grown 98% since inception. The company generates almost double the revenue from the U.S. as it does from Canada, and is adequately geographically diversified.

It also pays dividends, but the current 0.12% yield is far from flattering. However, if the company continues along with its current growth pace, it may grow your $2,000 investment into a healthy $4,000 nest egg in less than two years.

Foolish takeaway

The three companies are promising long-term holding for your TFSA for both their dividends and long-term growth potential. They also offer a decent level of diversification as they are all from completely different countries, and each underlying business has a healthy global presence.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:GFL (GFL Environmental)
2. NYSE:QSR (Restaurant Brands International Inc.)
3. TSX:GFL (GFL Environmental)
4. TSX:GWO (Great-West Lifeco Inc.)
5. TSX:QSR (Restaurant Brands International Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media

6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. adamothman
2. gsmiley

Category

1. Dividend Stocks
2. Investing

Date
2025/08/14
Date Created
2021/12/24
Author
adamothman