



## 3 Smart Moves to Make in Your TFSA in 2022

### Description

Do you want to get ahead in your [Tax-Free Savings Account](#) (TFSA) compared to your neighbour, colleague, sibling, or spouse? Despite the name, the TFSA is not just a savings account. It can be so much more and bring Canadians great wealth, but you need to take full advantage of it, starting with maximizing your TFSA every year.

### Maximize your TFSA

Unfortunately, it's not obvious to some Canadians that they should maximize their TFSA. I know some people who would rather contribute to their RRSP than maximize their TFSA. Now, understanding that everyone's financial and tax situation is unique, it may be worthwhile for them to contribute to their RRSP first. But eventually, we all have to pay income taxes on RRSP/RRIF withdrawals that count as taxable income, while TFSA withdrawals are tax-free!

Other people would rather spend on luxurious items than contribute to their TFSAs. Sometimes, we've got to forgo instant gratification to strive for something more in the future. Every year that you leave TFSA room unused, you're losing the time for tax-free growth that could translate to tonnes of gains.

### Turn your TFSA savings into investments

For Canadians who have been maximizing their TFSAs, that's wonderful. However, if you're getting tax-free income from TFSAs or GICs, you can do better. You can secure greater income or returns from solid stocks if you have a long investment horizon.

Don't withdraw from these TFSAs directly, because you won't be able to deposit these withdrawals into your TFSA investment account until the next calendar year. Talk to your financial institution to see how you can transfer money from one TFSA to another properly.

**Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) is an interesting pick for income and total returns. Currently, it yields 5.3% thanks to the management reinstating the energy stock's quarterly dividend to the 2019

levels. Energy prices have improved to more normalized levels. Therefore, Suncor's revenues and net income have rebounded significantly from its 2020 results that were impacted by the pandemic. 22 analysts have a consensus price target that represents 27% upside potential over the next 12 months!

Michael Sprung, the president of Sprung Investment Management, commented about the stock last month. He thinks [Suncor stock](#) is still trading at reasonable multiples, provides a very good yield, and generates lots of free cash flow. He also expects dividend increases down the road and its earnings growth to be quite substantial over the next couple of years.

## Set financial goals for your TFSA

It would be helpful to write down concrete financial goals for your TFSA investments. For example, you could be saving for a car or the down payment of your home through investing in your TFSA. You could set contribution, income, or total return goals for your TFSA.

Ideally, you're maximizing your TFSA. The limit is \$6,000 this year, but if you have unused TFSA limit from previous years or withdrawals from previous years that you haven't re-contributed, you have more TFSA room. An income goal may be getting an average yield of 4% on your stock investments. A total-return goal may be aiming for 8% a year.

Check at least once a year to see if you're achieving your goals. If not, review and identify what might need to change.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

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