



2 Canadian Bank Stocks to Buy for the New TFSA Contribution Room

Description

The Tax-Free Savings Account (TFSA) has been a blessing for Canadian investors ever since the account type was introduced. Today, the cumulative contribution room in a TFSA stands at \$81,500 after the \$6,000 update to mark the beginning of 2022.

There are several ways you can approach [TFSA investing](#) with your newfound contribution room. If you are an investor looking for stable income and significant long-term growth, the **TSX** offers plenty of high-quality income-generating assets that you can consider adding to your TFSA.

Today, I will discuss two [Canadian bank stocks](#) that you could add to your TFSA with the new contribution room to make the most of the tax-advantaged account.

Toronto-Dominion Bank

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)) is a \$190.26 billion market capitalization Canadian bank among the Big Six financial institutions. It is also one of the biggest banks in North America, boasting a strong presence in the domestic market and across the border in the U.S. The Canadian bank stock could be an excellent asset to consider for your TFSA contribution room due to its terrific track record for paying dividends and its capital gains.

TD Bank stock is trading for \$104.15 per share at writing, and it boasts a 3.42% dividend yield. The Canadian bank's strong operations have provided significant cash flows, and its growing presence in the U.S. could unlock more wealth growth for its investors in the coming years. Buying and holding its shares in your TFSA could help you maximize your total returns from the stock.

Canadian Imperial Bank of Commerce

Canadian Imperial Bank of Commerce ([TSX:CM](#))([NYSE:CM](#)) is another Big Six Canadian bank you could consider investing in with the new contribution room. The \$75.07 billion market capitalization bank stock has had a tougher time than its closest peers among the country's top financial institutions,

but it is a strong performer on the stock market for all its troubles.

CIBC stock is trading for \$166.08 per share at writing, and it boasts a juicy 3.88% dividend yield. The bank has been investing heavily in tech innovations to modernize its operations and retain an edge in the industry. It focuses on organic growth and improving its overall business. Adding its shares to your TFSA could help you capitalize on its long-term upside potential.

Foolish takeaway

There are plenty of ways you can use the additional contribution room in your TFSA after the 2022 update. Investing in Canadian bank stocks provides you with a safer method to generate a decent passive income through reliable shareholder dividends and unlock the potential for long-term wealth growth through capital gains.

Canadian banks stand out when you study the TSX for income-generating assets with a [track record for long-term wealth growth](#). These two companies boast long histories and have provided strong capital gains over the years. Allocating at least a portion of your new TFSA contribution room to these stocks could be a wise investment decision for 2022 and beyond.

CATEGORY

1. Dividend Stocks
2. Investing

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2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:CM (Canadian Imperial Bank of Commerce)
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Author

adamothonman

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