



2 Canadian Stocks That TFSA Investors Should Buy Today

Description

When it comes to contributing to a [Tax-Free Savings Account](#) (TFSA), Canadians have a few options. If you're saving for a short-term goal, keeping cash inside your TFSA may be a wise idea. But if you've got years before you plan any making major withdrawals, [investing in stocks](#) is likely one of your best choices.

The tax-free withdrawals are certainly one of the key selling points of a TFSA. At any point in time, Canadians have the right to withdraw funds from their TFSAs without needing to pay any tax at all.

Contribution room is also regained in the following year after a withdrawal is made. Meaning that if \$10,000 was withdrawn from a maxed-out TFSA, the individual will have the option to contribute another \$10,000 at the beginning of the following year on top of the yearly contribution limit that year.

Don't get me wrong, tax-free withdrawals are great. But it's the tax-free compounded gains that make the TFSA an excellent long-term savings account. Year after year, investments that are held within a TFSA can grow from compound interest completely tax free. And when the individual is ready to make a withdrawal, there's, again, no need to pay any tax.

Owning stocks in a TFSA

The maximum contribution for a TFSA today dating back to 2009 is \$81,500. If you're planning on only using your TFSA to fund your retirement, you'll likely come up short. But if your retirement is still decades away, you're in luck.

Let's assume that \$81,500 is invested in a stock that grows at an average annual rate of 8%. In 20 years, that investment would be worth close to \$400,000. In 30 years, you'll be sitting on more than \$800,000.

Keep in mind that the entire investment, even if it's worth close to \$1 million, can be withdrawn completely tax free.

If you've got the opportunity to be patient with your TFSA and are looking to earn top [growth](#) returns, I'd strongly encourage investing in stocks. Here are two top picks to put on your watch list right now.

TSX stock #1: Air Canada

It may not be long until we're once again enjoying our pre-pandemic lifestyles. Airlines may still be feeling the effects of the pandemic but demand for travel is certainly on the rise. As a result, now could be a very opportunistic time to start a position in a travel stock, such as **Air Canada** ([TSX:AC](#)).

Canada's largest airline has been in a league of its own within the industry in recent years. Unlike many of its competitors, Air Canada has consistently delivered market-beating gains over the past decade. Even with the 70% drop in March 2020, shares of Air Canada are still up a market-beating 70% over the past five years.

If you're bullish on the country's reopening, Air Canada should be on your watch list.

TSX stock #2: Descartes Systems

Compared to Air Canada, **Descartes Systems** ([TSX:DSG](#)) ([NASDAQ:DSGX](#)) is a much more under-the-radar stock for growth investors.

The tech company in the business of logistics and supply chain management. It offers its global customers a range of different products and services that help improve productivity and performance.

With all the recent supply chain issues that companies across the globe have been dealing with, Descartes Systems is in an opportune spot to see growth continue.

Shares of the tech company are up a market-crushing 175% over the past five years. And with the company's market opportunity only expected to grow, the next five years could very well be better than the last five for Descartes Systems.

CATEGORY

1. Investing
2. Tech Stocks

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NASDAQ:DSGX (Descartes Systems Group)
2. TSX:AC (Air Canada)
3. TSX:DSG (The Descartes Systems Group 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. kduncombe
2. ndobroruka

Category

1. Investing
2. Tech Stocks

Tags

1. Editor's Choice

Date

2025/08/24

Date Created

2022/04/12

Author

ndobroruka

default watermark

default watermark