



2 TSX Stocks to Buy for Your TFSA and 2 for Your RRSP

Description

It's a great time to find **TSX** stocks for Motley Fool investors. While the market isn't doing so hot, with the TSX today down 12% year to date, all it takes is shifting your focus. If you're looking for a long-term investment in strong TSX stocks, now is the time to get on it.

In fact, if you have a Tax-Free Savings Account (TFSA) and Registered Retirement Savings Plan (RRSP), you should be drooling at the share prices. You can find stocks due to make gains over the next few years for your TFSA and long-term holds that will soar by retirement.

So, let's look at two TSX stocks Motley Fool investors should consider on the TSX today for their TFSA and RRSP.

TFSA TSX stocks

The TFSA has been around since 2009, with Canadians now having \$81,500 in contribution room for their investments. Its purpose when it came to be was as a retirement fund, where you could take out cash tax free if you retired before 65.

However, times have changed for TSX stocks. The TFSA is a great way to make retirement income. But you can also use it to pay a home down payment, education, debt — anything! And all tax free. So, when it comes to investing on the TSX today, you want performers that should make strong gains in the years to come.

For that I would look to **CGI** ([TSX:GIB.A](#))([NYSE:GIB](#)) and **Open Text** ([TSX:OTEX](#))([NASDAQ:OTEX](#)). Yes, these are both [tech stocks](#) in the software sector. That's why shares have come down 6% and 17%, respectively. However, both CGI and Open Text are solid tech stocks that have decades of strong experience.

In the case of CGI, the company has a stable balance sheet and continues to grow through acquisitions. It's up 361% in the last decade for a compound annual growth rate (CAGR) of 16.5% on the TSX today. Open Text is cloud-based software now protects some of the largest companies in the

world. And it's grown at 376% in the last decade and at a 17% CAGR today.

RRSP TSX stocks

The RRSP is a bit different. You want to continue contributing for a number of reasons. Of course, it creates more funds for your retirement, but it also brings down your income for tax purposes, bringing you into a lower tax bracket. So, you want steady, stable TSX stocks you don't want to worry about when you buy them every year.

For that, I would look at blue-chip companies that have been around forever and will likely be around forever. Honestly, it doesn't get much better than the [Big Six banks](#). You get passive income, defensive investments, and low price-to-earnings ratios right now. Above them all, I'd consider **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) and **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)).

In the case of TD stock, you're looking at a lot of growth in the years to come. The company is now one of the largest banks in the United States, with plenty coming in from credit card partnerships. Meanwhile, CIBC stock has brought its business into the 21st century, with excellent customer service and retention.

Yet TD is down 16% trading at 9.78 times earnings, and CIBC is down 13.5% trading at 8.82 times earnings. So, you can lock in a dividend of 4.35% and 5.24%, respectively, on the TSX today. Plus, these TSX stocks have grown 900% and 567%, respectively, in the last 20 years at a CAGR of 12.2% for TD stock and 9.95% for CIBC stock.

Foolish takeaway

Now is the time to get greedy with your search for TSX stocks. These four would make excellent choices for your TFSA and RRSP on the TSX today. So, don't let these deals get out of your grasp!

CATEGORY

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2. NYSE:CM (Canadian Imperial Bank of Commerce)
3. NYSE:GIB (CGI Group Inc.)
4. NYSE:TD (The Toronto-Dominion Bank)
5. TSX:CM (Canadian Imperial Bank of Commerce)
6. TSX:GIB.A (CGI)
7. TSX:OTEX (Open Text Corporation)
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