TFSA Investors: My Top Picks for Thousands in Annual Income

Description

We could all use cash right now. The **TSX** today continues to trade at 52-week lows, with the index down 10.38% year to date as of writing. But rather than look at this as a burden, I would consider it a strong opportunity — especially for TFSA (Tax-Free Savings Account) investors.

That's because the TFSA offers you a chance to bring in TSX stocks and see them rebound tax free. The government program continues to add additional contribution room each year. And now, you have $81,500 at your disposal to create tax-free passive income. So, if you're interested in getting started, these are my top picks.

A defensive stock

Utility stocks have been some of the best performers on the TSX today. So, if you're looking for a bit of defence during this time of market volatility, I would certainly consider one of these companies. However, because they're defensive in nature, they aren't exactly the cheapest. In fact, some are up a fair amount in 2022 alone.

Still, there is a reason these are strong options — especially for your TFSA. Utility stocks offer long-term passive income from their stable revenue streams. We always need power and will continue to rely on these companies, even in a renewable energy future.

But among them all, I'd recommend **Canadian Utilities** (TSX:CU). Shares are up 9.8% for Motley Fool investors year to date, and it offers a 4.52% dividend yield. While it does trade at 25.7 times earnings, it offers a valuable two times book value.

A solid REIT

I recommend finding a solid real estate investment trust (REIT) for a reason. Not all REIT stocks are great on the TSX today. But there are certainly some great REITs that produce not just stable income, but monthly income.

What I would watch for are industries that are down but certainly not out. That would include energy companies that are set up for long-term growth. For that I would look at **Brookfield Renewable Partners** (TSX:BEP.UN)(NYSE:BEP).

This company is one of my top choices, because it has a diverse range of assets all around the world. It continues to sign on further properties in more and more countries as the world shifts to renewable energy. And yet shares are down from all-time highs but up 6.5% year to date. So, I would lock in that 2.7% dividend yield before it climbs higher — especially as it trades at a valuable 1.7 times earnings for your TFSA.

Some major growth

Finally, if Motley Fool investors want some major growth in the decades to come, I would look at **Shopify** (TSX:SHOP)(NYSE:SHOP) once more. Yes, it's true, shares are down 70% year to date. It's also true that we could be entering a recession. However, e-commerce is here to stay. And Shopify stock is set up to be a part of that eventuality.

Its recent closing of the Deliverr acquisition coupled with a YouTube partnership should also make this interesting to potential shareholders. In fact, over the last week, shares have popped by 30%! So, this is one stock that could double once more for your TFSA. And it's why I'd consider it now before a rebound occurs.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
4. TSX:CU (Canadian Utilities Limited)
5. TSX:SHOP (Shopify Inc.)

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