TFSA Investors: Top TSX Stocks to Buy With $6,000

Description

We all know that the Tax-Free Savings Account (TFSA) offers multiple benefits to Canadians. It allows money to grow tax free and helps investors stay invested for the longer term.

If you have cash in your TFSA, you are not using it to its full potential. A TFSA allows investors to hold multiple investments that offer attractive returns. Holding cash will only decrease in value with inflation. So, it makes sense to invest in relatively high-return options like stocks.

TFSA contribution limit 2022

The TFSA contribution limit for this year is being kept at $6,000. Many Canadians believe that they lose the contribution room if they do not invest the stated amount in their TFSAs in that particular period. However, in fact, the contribution room gets accrued yearly, so one can still use it if it is not maxed out. Thus, if you have never contributed to your TFSA so far, the limit for 2022 extends to $81,500.

Top safe, dividend-paying stocks for TFSA investors

If you invest $81,500 in a safe, dividend-paying stock like **Enbridge** (TSX:ENB)(NYSE:ENB) it could grow it to approximately $210,000 in a decade. Along with a decently large reserve, this investment will make nearly $1,000 in dividends every month. Interestingly, both dividends and capital gains will be tax-free throughout the holding period and even at withdrawal.

Note that putting an entire amount in one stock is imprudent. Also, the return calculated above is based on historical performance and may not repeat in the future.

Moreover, Enbridge is a comparatively safe stock and is an apt bet for conservative, income-seeking investors. It does not move as oil and gas see large swings. Enbridge operates a large energy pipeline network in North America. So, constantly changing energy prices do not have a large influence on its earnings.

ENB stock pays a stable dividend yield of 6%, which is higher than TSX stocks. It has increased its payout for the last 27 consecutive years. In the future as well, investors can expect consistent dividend growth from ENB as it grows its earnings.

Fortis also offers reliable dividends

Another safe TSX stock Canadians can consider for their TFSA is **Fortis** (TSX:FTS)(NYSE:FTS). It is one of the biggest utility companies in Canada and has large, regulated operations. Be it a recession or an economic expansion, Fortis continues to grow stably and pays reliable dividends.

FTS stock has returned 10% CAGR in the last decade, which is in line with ENB but much higher than TSX stocks. Utility stocks are less volatile and, thus, are perceived as defensives. FTS may not see a significant drawdown when broader markets tumble. So, it is again an attractive bet for low-risk, moderate-return seekers.

Fortis will pay a dividend of $2.14 per share in 2022. The stock has gained 4% since last year. It has increased shareholder payouts for the last 48 consecutive years. So, you may not become rich quickly with stocks like FTS. However, with solid contributions from growing dividends, Fortis has outperformed broader markets in the long term.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:FTS (Fortis Inc.)
3. TSX:ENB (Enbridge Inc.)
4. TSX:FTS (Fortis 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. vinitkularni20

Category

1. Investing
2. Stocks for Beginners

Date
2025/08/28
Date Created
2022/08/14
Author
vinitkularni20