



3 Top TSX Stocks to Add to Your TFSA or RRSP in October 2022

Description

There are two types of investment accounts that Canadians should become very familiar with. These are the [Tax-Free Savings Account \(TFSA\)](#) (TFSA) and a [Registered Retirement Savings Plan \(RRSP\)](#). By making use of these two accounts, investors are able to avoid or defer paying taxes, respectively.

However, it's also important to note that Canadians only have a certain amount of contribution room available in each of these accounts. That means investors need to be very prudent about which stocks they hold in a TFSA or RRSP.

In this article, I'll discuss three top TSX stocks that Canadians should consider adding to these accounts this month.

Invest in this excellent dividend stock

When stocks are trading at a massive discount, it's an excellent time to pick up shares of dividend stocks. This is because investors could take advantage of much higher dividend yields. Although I tend to preach about not focusing on high dividend yields, when the companies that are offering those high yields are also high quality, investors should take note.

Bank of Nova Scotia ([TSX:BNS](#)) is an excellent example. This company is one of the largest companies, and the third-largest bank in Canada. It's well known for being an excellent dividend stock. It has paid its shareholders a dividend in each of the past 189 years. That means the company has been able to sustain its dividend through many periods of economic uncertainty. Due to the decline in Bank of Nova Scotia stock, its forward dividend yield is currently an attractive 6.28%.

Buying shares in this stock today could help you boost your passive income significantly.

Take advantage of this growth stock

Investors could also go the growth stock route, when investing in their TFSA or RRSP. By doing so,

investors wouldn't have to worry about paying any additional taxes if the stock blows up in the future, if investing in a TFSA. In an RRSP, investors would be subjected to a lower tax rate, if they sell those growth stock shares after retirement. In either case, it sounds like an excellent deal to take advantage of.

One growth stock that investors should consider buying today is **Constellation Software** ([TSX:CSU](#)). Since its initial price offering, Constellation Software has been one of the best performers on the TSX. In fact, over the past 16 years, this stock has grown at a compound annual growth rate (CAGR) of over 33%! Led by its founder Mark Leonard, Constellation Software shows no signs of slowing down. In fact, it has even announced that it'll [start targeting large businesses](#) for acquisition, which could be a new catalyst for this stock.

This stock could still grow a lot

If you're looking for a third stock to consider for your TFSA or RRSP, then **Shopify** ([TSX:SHOP](#)) gets the nod from me. This company has faced a lot of scrutiny from investors as of late due in large part to its struggles this year. However, despite the obvious challenges, Shopify remains one of the most important companies in a massive and emerging industry.

Heavily reliant on a subscription-based business model, Shopify's success can be tracked by its monthly recurring revenue. Simply put, if the company can keep increasing that figure each year, then it will continue to have every chance to succeed. Over the past five years, its monthly recurring revenue has grown at a CAGR of 35%.

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3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:CSU (Constellation Software Inc.)
5. TSX:SHOP (Shopify Inc.)

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