



How to Get Ready for New TFSA Changes in 2023

Description

Some exciting news was just announced for Canadians who regularly invest in their [Tax-Free Savings Account](#) (TFSA). The Canada Revenue Agency (CRA) has increased the 2023 TFSA contribution limit by \$500 to \$6,500! The annual TFSA contribution limit increase has been set at \$6,000 for the past three years, so the \$500 increase is a nice 8% bonus for TFSA savers and investors.

TFSA investors can invest another \$6,500 tax free in 2023!

The CRA bases its [contribution limit](#) increase on a formula related to inflation. Given that we have had untamed inflation in 2022, the increase is certainly warranted. If you were 18 years or older in 2009, you will now be able to contribute a grand total of \$88,000 to your TFSA.

For investors, this is an exciting opportunity. That is an additional \$6,500 that can be invested with no requirement to report or pay tax. For a Canadian couple, that is \$176,000 that can earn dividends, interest, and capital gains completely [tax free](#)!

Start saving and build your TFSA investment wish list

If you want to prepare for this new TFSA change, it's not a bad idea to start putting aside cash to allocate for your 2023 contribution. If you save \$1,083 per month from here, you could potentially have your entire limit ready for investment by May 2023.

The other thing you can do is start building an investment wish list. If you have some spare time over the holidays, draw up a list of stocks or investments that you would love to hold for the [long term](#) in your TFSA. Two stocks on my TFSA buy list are **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#)) and **WSP Global** ([TSX:WSP](#)).

Brookfield Infrastructure

Brookfield Infrastructure is a great [income stock](#) for TFSA investors. Its portfolio of economically crucial assets (like pipelines, ports, railroads, utilities, and cell towers) is economically resilient. Over 90% of its assets have long-term contracts and 70% of its earnings are indexed to inflation. That creates a very attractive organic growth profile, especially when inflation is in the high single digits today.

Brookfield Infrastructure has a history of investing at high rates of return. In past economic downturns, BIP has profited by acquiring good assets at distressed prices. If there is a further deep recession, Brookfield could benefit in the longer term.

Today, this stock pays a modest 3.9% dividend yield. However, I like this stock in my TFSA for its combination of stability, income, and growth.

WSP Global

WSP Global is another ideal stock for a TFSA. Unlike Brookfield, it doesn't pay a large dividend. However, it has a history of retaining its earnings and re-investing into very profitable acquisitions.

WSP Global is one of the largest engineering and consulting companies in the world. It has acquired both large and small firms under its umbrella. This strategy has helped earn shareholders a very attractive 21.5% average annual return over the past decade.

As it grows in scale, it expands its service and vertical offerings. That translates into solid organic growth. For a company with a long record of accretive growth, smart compounding, and strategic management, WSP Global is a top TFSA stock on my holiday wish list.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
2. TSX:WSP (WSP Global)

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