



TFSA Investors: 3 Stocks to Buy for 2023

Description

If you're not already using a [Tax-Free Savings Account](#), it's time to start doing so. Although it's labelled a "savings account," Canadians can use a TFSA to buy stocks. The benefit of using this sort of account is that any gains generated in a TFSA can be withdrawn tax free. That could help Canadians snowball their accounts much quicker, helping them reach financial independence.

In this article, I'll discuss three stocks that investors should buy for their TFSA in 2023.

Buy one of the Canadian banks

If I had to choose a single [Canadian stock](#) to hold in my TFSA, I would likely turn to one of the banks. This is because the Canadian banking industry is highly regulated. That makes it difficult for smaller companies to displace the industry leaders and gives the industry a layer of safety to operate on. Of the top companies in the Canadian banking industry, **Bank of Nova Scotia** ([TSX:BNS](#)) stands out as my top pick.

What interests me in Bank of Nova Scotia is its outstanding growth potential and strong dividend history. In terms of growth, the company is well positioned within the Pacific Alliance. If that region grows as fast as many economists think it could, Bank of Nova Scotia's international business could really thrive. With respect to its dividend, investors should take note of its 189-year streak of dividend distributions. Very few TSX-listed companies can compete with that.

Invest in this behemoth

In my opinion, **Telus** ([TSX:T](#)) would be another great stock to hold in a TFSA. This is one of the largest telecom companies in Canada, and it has a significant presence in the western portion of the country. Telus's size cannot be understated. Its network coverage area accounts for 99% of the Canadian population.

Although it built its reputation by offering telecom services, Telus has expanded into different areas that could be an excellent catalyst for this stock in the future. For example, today, Telus is a bona fide

player in the healthcare industry. It offers a suite of professional and personal healthcare services. Its offerings include electronic medical records solutions and a telehealth platform.

TFSA investors may be interested to know that Telus stock comes with an attractive dividend. As of this writing, Telus stock offers a forward dividend yield of 5.20%.

You can't go wrong with a utility stock

Finally, investors should consider buying shares of utility companies in their TFSA. This is because utility companies tend to generate revenue on a recurring basis. That makes their businesses very predictable and stable during periods of economic uncertainty. If I could only choose one utility company to hold it would be **Fortis** ([TSX:FTS](#)).

Fortis is well known by investors for its long dividend history. As of this writing, the company holds a 49-year dividend-growth streak. That represents the second longest active dividend-growth streak in Canada. The company has [also announced](#) that it plans to continue raising its dividend through to at least 2027. Holding Fortis in your TFSA could help you generate a tax-free source of passive income.

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1. Investing
2. Stocks for Beginners

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2. TSX:FTS (Fortis Inc.)
3. TSX:T (TELUS)

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