



Retirement Planning: 3 Stocks to Keep Your TFSA Growing

Description

High inflation is a bummer for [future retirees](#) because it devalues savings and income. Many Canadians use the Tax-Free Savings Account (TFSA) as their [retirement account](#) because the income you generate inside a TFSA is tax-free. However, you still need to choose your investments wisely, if you prefer to hold dividend stocks.

In today's inflationary environment, you need dividend stocks that can provide better protection against inflation to keep your TFSA growing. The **Bank of Montreal** ([TSX:BMO](#)) is a no-brainer choice for TFSA investors. You can complement the Big Bank stock with growth-oriented companies like **Innergex Renewable Energy Inc.** ([TSX:INE](#)) and **Cogeco Communications** ([TSX:CCA](#)).

Dividend pioneer

You can't go wrong with BMO because Canada's oldest bank is also **TSX's** dividend pioneer. The \$95.2 billion bank started paying dividends in 1829 and continues to do so without fail. At \$135.41 per share (+11.57% year to date), the dividend yield is 4.22%. An investment of as little as \$3,000 can generate \$31.65 in tax-free income every quarter.

BMO's head of retail investments, Nicole Ow, said, "Canadians remain resilient and are taking proactive measures to protect and invest in their retirement nest egg." Those who have maximized their Registered Retirement Savings Plan (RRSP) usually gravitate towards the TFSA for the same tax-free money growth feature. The advantage is that unlike in an RRSP, TFSA withdrawals are also tax-free.

Diversified renewable energy assets

Innergex develops, owns, and operates run-of-river hydroelectric facilities, wind energy, and solar farms in North America, South America, and France. The \$3.1 billion renewable power producer has interests in 84 operating facilities, including 40 hydroelectric facilities, 35 wind farms, eight solar farms, and one battery energy storage facility.

The portfolio should grow some more, given the interest in 13 projects under development and several prospective projects at different stages of development. This utility stock trades at a slight discount, and at only \$15.31 per share (-5.5% year to date), you can partake of the lucrative 4.64% dividend.

According to management, the geographically diversified portfolio of high-quality, long-lasting assets and energy production from sustainable renewable sources reduces risks and improves performance stability. The diversified utility assets also help alleviate any seasonal and production variations.

In Q3 2022, revenue and free cash flow (FCF) increased 40% and 74% year-over-year to \$258.39 million and \$158.99 million. Notably, net earnings reached \$20.9 million compared to the \$23.5 million net loss in Q3 2021.

High-value product mix

Cogeco appears undervalued in the communications services sector vis-à-vis its high-value product mix and growth potential. The current share price of \$69.20 (-8.84% year to date) is a good entry point. Market analysts covering the stock have a 12-month average price target of \$86.34 (+24.8%). The potential return would be higher if you include the 4.49% dividend.

President and CEO, Philippe Jette, said the \$3 billion communications corporation met its financial targets in Q1 fiscal 2023. In the three months that ended November 30, 2022, revenue and profit increased 6.1% and 3.2% year over year to \$762.3 million and \$120.4 million. For fiscal 2023, management expects revenue growth between 0.5% and 2%.

Sustain tax-free money growth.

The TFSA's flexibility makes it a tax-efficient retirement savings account. You can sustain tax-free money growth in your account by holding reliable dividend payers.

CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:CCA (COGECO CABLE INC)
3. TSX:INE (Innergex Renewable Energy)

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