TFSA Limit Is $6,000 for 2021: 2 Top Canadian Stocks to Buy Now

Description

There's no one-size-fits-all bank account for Canadians, but the Tax-Free Savings Account (TFSA) sure does check off a lot of boxes. Since withdrawals can be made completely tax-free, the TFSA can be used for both short- and long-term goals. In addition to that, capital gains and dividends are completely free from being taxed.

The catch is that there's a yearly contribution limit for TFSAs, which is much lower than the Registered Retirement Savings Plan's (RRSP) annual limit.

Canadians should keep in mind that just because the TFSA contribution limit is $6,000 in 2021, depending on your age, the total limit could be much higher than that. If you were 18 years old or older in 2009, when the TFSA was introduced, your total contribution limit is actually $75,500 today. Unused contributions to TFSAs are carried over from year to year.

If you've got $6,000 ready to invest in your TFSA, here are two top Canadian stocks you'll want to consider.

Investing in renewable energy

Renewable energy is one sector that any long-term TFSA investor will want to have exposure to. Investors saw green energy stocks soar last year and the growth may just be getting started.

Canadians are fortunate enough to have plenty of options when comes to investing in renewable energy stocks.

Brookfield Renewable Partners (TSX:BEP.UN)(NYSE:BEP) is a great pick if you're looking for just one green energy stock to own. The company is a subsidiary of the world-renown asset management company, **Brookfield Asset Management.**

For TFSA investors that are looking to put together a basket of renewable energy stocks, **Northland Power** (TSX:NPI) is one company that you'll want to have on your list.

Valued at a market cap of $10 billion, it's roughly half the market cap size of Brookfield Renewable Partners.

Northland Power can not only provide investors with a broad diversification in the sector, but market-beating growth potential too.

The energy company owns and operates energy facilities across the globe, including North and South America, Europe, and Asia

Northland Power — along with most of the green energy sector — had a very strong year in 2020. The Toronto-headquartered company delivered share price growth of 75% last year. Over the past five years, the stock is nearing a gain of 200%.

Not only is the company in a prime position to continue to outperform the Canadian market over the next five to 10 years, but it also owns a dividend yield of 2.5% at today's stock price.

There are many reasons to be bullish on Northland Power and the rest of the renewable energy sector. If you've got room in your TFSA, this is one sector you won't want to miss out on.

This market-beating tech stock is trading at a discount

Green energy stocks had a great year in 2020, but that may have been overshadowed by the tech sector.

Investors witnessed an incredible bull run for many tech stocks after the market bottomed out at the end of March. Some companies, understandably, eventually ran out of steam. As a result, Canadians now have an opportunity to scoop up shares of top tech stocks that are trading at a rare discount.

Kinaxis (TSX:KXS) ended 2020 with a gain of 75%, but at one point was on a 130% bull run in 2020. After topping out in early August, the tech stock is now trading 20% below all-time highs.

The tech company saw a huge lift in demand last year as the pandemic completely disrupted shopping behaviours across the globe.

Kinaxis provides its clients with cloud-based subscription software for its supply chain operations. As you can imagine, supply chain operations were put to the test last year. Both consumer and business shopping needs were drastically changed during the pandemic.

While I definitely wouldn't say that Kinaxis shareholders could count on another year of 75% growth in 2021, I do believe that this tech company will continue to be a market-beater over the long term.

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TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
3. TSX:KXS (Kinaxis Inc.)
4. TSX:NPI (Northland Power Inc.)

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Date
2025/08/14
Date Created
2021/01/11
Author
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