# TransCanada Corporation vs. BCE Inc.: Which Is the Best Dividend Investment?

## Description

**TransCanada Corporation** (TSX: TRP)(NYSE: TRP) and **BCE Inc.** (TSX: BCE)(NYSE: BCE) have rewarded shareholders with dividends and capital appreciation for a number of years. New investors looking to add a dividend-growth stock to their portfolios might be wondering which company is the better buy right now.



Let's take a look at each one to see where the best opportunity might be for long-term investors.

**TransCanada Corporation**

The buzz around Keystone XL and Energy East certainly makes for interesting reading and these projects are definitely important to both TransCanada and Canadian oil producers, but investors should look at the mega projects as a bonus when making the decision to invest in the company.

TransCanada has $46 billion in projects under development right now and the best part for dividend investors is that the pipelines are commercially secured, meaning TransCanada has commitments from customers to use the assets once they are built.

Revenues from the new pipelines are predictable right from the start and TransCanada says it plans to increase dividend payments proportionally to the increase in free cash flow. Most of the current projects are expected to be finished and in operation by 2020.

As North American energy producers demand access to global markets, TransCanada will continue to adjust its lineup of capital projects. The shift from natural gas to liquids is already evident.

In its Q3 2014 earnings report, TransCanada said the project portfolio consists of $24 billion in liquids pipelines, $20 billion in natural gas pipelines, and $2 billion in new power-generation assets.

TransCanada pays a dividend of $1.92 per share that yields about 3.5%.

**BCE Inc.**

Canada's largest telecommunications company is firing on all cylinders right now and cranking out tons of free cash. The company already pays one of the best dividends among the blue-chip elite on the S&P/TSX 60 and the payouts should continue to increase.

BCE has been on a buying spree in the past two years as the company moves to solidify its dominant position in the Canadian market. BCE just announced a $594 million deal to purchase Glentel Inc., a wireless retailer with assets in Canada, the U.S., and Australia. The deal strengthens BCE's retail presence across the country. The company also just closed a $4 billion privatization of its Bell Aliant subsidiary. In 2013, BCE spent another $3.4 billion to buy Astral Media.

This is all good news for investors. Bell Aliant and Astral Media are cash cows and those funds are now available for increased distributions and share buybacks. The Glentel deal helps BCE prepare for the possible entry of a new national competitor, although the reality of that happening anytime soon is up for debate.

BCE pays a dividend of $2.48 that yields about 4.6%.

**Which should you buy?**

Both TransCanada and BCE are great long-term investments. In the current environment, BCE is probably the safer bet as the rout in oil markets is triggering a flight out of everything connected to energy.



If you are interested in adding a few more top dividend stocks to your watch list for 2015, the following free report is worth reading.

**CATEGORY**

1. Dividend Stocks
2. Investing

**TICKERS GLOBAL**

1. NYSE:BCE (BCE Inc.)
2. NYSE:TRP (Tc Energy)
3. TSX:BCE (BCE Inc.)
4. TSX:TRP (TC Energy Corporation)

**Category**

1. Dividend Stocks
2. Investing

**Date**
2025/09/13
**Date Created**
2014/12/02
**Author**
aswalker