



3 Top Dividend Stocks for Your TFSA: Fortis Inc, Enbridge Inc, and Telus Corporation

Description

It's that special time of year. Everyone is in a festive spirit. And across the country, children eagerly count down the days.

Only 16 more sleeps until tax-free savings account contribution day! OK, maybe I'm the only one who's so excited about adding money to my TFSA. But that doesn't make January 1 any less special.

Why not start a new holiday tradition by topping up this account every New Year? As Motley Fool contributor Jonathan Chevreau wrote in the *Financial Post* last week, the TFSA is still the best tax shelter in town. There might be no better vehicle for ordinary Canadians to build wealth.

And while most people only stuff cash inside these registered accounts, there're plenty of other investment options to choose from. My personal favourite: dividend paying stocks. So with that theme in mind, let me present my top dividend stock picks for your TFSA — or any portfolio for that matter.

1. Enbridge Inc.

Enbridge Inc. ([TSX: ENB](#))([NYSE: ENB](#)) shareholders will find something a little extra in their stockings this year.

That's because on December 4, the company announced a 33% dividend hike. Enbridge's board of directors also promised to pay out a greater percentage of profits going forward. In all, the company's distribution is on track to grow 15% per year through 2018.

All of this just confirms what Enbridge investors already knew: pipelines are wonderful businesses. Thanks to the oil boom we're seeing across the continent, there's still a desperate need for new energy infrastructure. This means companies that ship, store, and process all of these hydrocarbons are poised to make a fortune.

2. Fortis Inc

Why do I love **Fortis Inc.** ([TSX: FTS](#))([NYSE: FTS](#))? It's a great example of what small dividend hikes can do to a stock's yield.

Over the past two decades, the Newfoundland utility has more than doubled the size of its dividend. The crazy part? If you had bought and held the stock over that time, the annual yield on your original investment would be more than 20% today.

What if we were to play out this hypothetical investment for another 10 years? Assuming the utility can continue to grow its dividend at a 3% annual clip, your yield on cost would increase to 35% by 2024.

3. Telus Corporation

Telus Corporation ([TSX: T](#))([NYSE: TU](#)) is one of the steadiest dividend growth stocks around. It's also one of the most predictable.

Last year, management promised to hike the company's dividend twice a year through 2016. The latest increase was announced on November 6. The new quarterly dividend of \$0.40 a share represents an 11% bump year-over-year.

Now you can't take further dividend hikes to the bank just yet. They will depend on the company's future earnings. However, management would not have raised investors' hopes unless they were sure they could deliver.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:TU (TELUS)
3. TSX:ENB (Enbridge Inc.)
4. TSX:FTS (Fortis Inc.)
5. TSX:T (TELUS)

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Date

2025/08/28

Date Created

2014/12/16

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