



Dividend Investors: 2 Stocks I'd Buy with an Extra \$5,000

Description

Sometimes investors find themselves with a bit of extra cash. It could be a bonus from work, a tax refund, or even a gift from a family member.

Many people's first reaction is to spend the money. There's nothing wrong with indulging in a day at the spa, a dinner out, or a weekend trip with the kids, but the majority of the funds should be used to improve your overall financial situation.

Paying off high-interest debt should be the first plan of action because it is unlikely an investor will get an after-tax return that is higher than the 19% interest paid on the credit cards.

If debt levels are under control and there is some open space in the TFSA, a good idea is to put the funds into quality dividend-paying stocks.

Here are the reasons why I think **Telus Corporation** ([TSX:T](#))([NYSE:TU](#)) and **Sun Life Financial Inc.** ([TSX:SLF](#))([NYSE:SLF](#)) are good picks right now.

Telus Corporation

Telus is Canada's fastest-growing telecommunications company. A big reason for the success is management's commitment to providing superior customer service.

Telus has the lowest mobile churn rate in the industry and happy customers apparently spend more money. In Q1 the company's blended average revenue per user (ARPU) increased to \$62.34 per share. It was the 18th consecutive year-over-year quarterly ARPU gain.

On the wireline side, Telus is winning new business with its attractive Telus TV and broadband Internet packages. The company also has a rapidly expanding health division that is now the country's leading provider of digital solutions that helps doctors, hospitals, and insurance companies securely manage patient data.

Telus pays a dividend of \$1.68 per share that yields about 3.8%. The company has increased the

payout nine times in the past four years.

Sun Life Financial

Sun Life had a rough go during the Great Recession, but the company has bounced back in a big way.

The Canadian and U.S. operations are doing well, but Asia is also looking very attractive. Individual insurance sales in the region jumped 28% in Q1 compared with the same period last year, and net income more than doubled. The strong results were driven by gains in Indonesia and the Philippines, where middle-class wealth is expanding.

India is another place investors should watch carefully. Sun Life has been building its business in India for more than 15 years, and its Birla Sun Life partnership is one of the top six private insurers in the country.

The Indian government recently passed a new law that allows foreign insurance companies to boost their ownership positions from 26% to 49%. Sun Life is in a strong position to benefit.

Analysts believe the Indian insurance market could grow from \$60 billion to \$240 billion in the next 10 years.

Sun Life recently increased its dividend by 6%. The increase is the first since the financial crisis and sends a strong message to investors that the company is back on track.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:TU (TELUS)
2. TSX:SLF (Sun Life Financial Inc.)
3. TSX:T (TELUS)

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