TFSA Investors: 2 Dividend-Growth Kings to Buy and Hold Forever

Description

If you haven't already contributed to your TFSA this year, then now may be the perfect time to do so and pick up shares of these two incredible dividend-growth kings. It's important for every investor to max out their TFSA as soon as they can, so they can capitalize on the true power of tax-free compounding.

Stock #1: Canadian Tire Corporation Limited (TSX:CTC.A)

Canadian Tire is the perfect model of the way a retail company should be run. There's no question that there's a huge weakness in the retail space right now, and many Canadian retailers are on their knees. While other retailers are struggling to make ends meet, Canadian Tire is thriving, and I believe the company has many initiatives in place that will be able to support dividend increases for many years down the road.

Canadian Tire has successfully adapted to the technological age by investing in technology to improve customer experiences and drive store traffic. The company reinvented the retail store, and that's what puts Canadian Tire head and shoulders above other Canadian retailers.

There are over 30 other customer-satisfaction initiatives being worked on that will further improve the company's same-store sales for the long term.

The stock has increased its dividend almost every year over the last decade, and it looks like the trend of dividend increases will continue into the next decade. The stock currently yields a modest 1.72%, but if you buy and hold the stock now, the dividend is likely to double in five years from now.

Stock #2: Shaw Communications Inc. (TSX:SJR.B)(NYSE:SJR)

Shaw currently yields a fat 4.24% and has an impressive history of increasing its dividend while keeping its payout ratio relatively low over the past decade. The company is currently investing heavily in its wireless network, Freedom Mobile, which is expected to steal a large amount of subscribers from the Big Three telecom incumbents over the next few years.

Because of its wireless growth initiative, the current payout ratio is quite high at 144.5%. However, once Freedom Mobile grows its subscriber base, we could see huge long-term dividend increases of a higher magnitude.

Shaw is a terrific long-term dividend-growth pick that could also offer huge capital gains. In the short term, the company will most likely keep its dividend static. But once Freedom Mobile becomes a major player in the telecom scene, we will see the payout ratio sharply decline and the magnitude of annual dividend increases rise into the double digits.

Conclusion

These are two fantastic forever stocks that will eventually make you a TFSA millionaire many years down the road. If you're a long-term thinker that values both dividends and capital appreciation, then you should strongly consider adding these names to your TFSA.

CATEGORY

1. Investing

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1. NYSE:SJR (Shaw Communications Inc.)
2. TSX:CTC.A (Canadian Tire Corporation, Limited)
3. TSX:SJR.B (Shaw Communications)

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