



## Young TFSA Investors: 2 Top Canadian Dividend Stocks to Own for 20 Years

### Description

Canadian savers are searching for top-quality dividend-growth stocks to hold inside their Tax-Free Savings Accounts (TFSAs).

The TFSA has become a popular vehicle for seniors to park some cash and earn tax-free dividend income, but the special account is also great for young investors looking for a way to save for retirement.

Why?

Millennials can buy quality dividend stocks inside the TFSA and invest the full value of the distributions in new shares. This sets off a powerful compounding process that can turn a modest initial investment into a serious retirement fund over time.

Let's take a look at **TransCanada Corporation** ([TSX:TRP](#))([NYSE:TRP](#)) and **BCE Inc.** ([TSX:BCE](#))([NYSE:BCE](#)) to see why they might be interesting picks to get started.

### TransCanada

TransCanada spent US\$13 billion last year to buy Columbia Pipeline Group in a deal that added strategic natural gas assets in the growing Marcellus and Utica plays as well as important gas pipeline infrastructure running from Appalachia to the Gulf Coast.

The deal also increased the development portfolio, and TransCanada now has \$23 billion in near-term projects underway that should boost cash flow enough to support annual dividend increases of at least 8% through 2020.

The stock currently pays a quarterly dividend of \$0.625 per share for an annualized yield of 4%.

### BCE

BCE is a giant in the Canadian communications market and it keeps getting bigger.

The company just purchased Manitoba Telecom Services in a deal that bumps BCE into the top spot in Manitoba and positions the company well for an expansion of its presence in the western provinces.

Most people are familiar with BCE's mobile, internet, and TV services, but the company also has a large media division that includes sports teams, a television network, radio stations, and an advertising operation.

These assets, when combined with the world-class mobile and wireline networks, form a powerful business that has the potential to interact with most Canadians on a daily basis.

BCE generates significant free cash flow to support its generous dividend. The current quarterly payout of \$0.7175 per share yields 4.9% on an annualized basis.

### Is one a better bet?

TransCanada provides nice exposure to the U.S. and probably offers better dividend growth in the near term, while BCE currently has a higher yield and tends to be less volatile when the broader market hits a rough patch.

I would probably split a new investment between the two names.

### 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)

### PARTNER-FEEDS

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