2 Reliable Dividend Stocks for Your TFSA Income Portfolio

Description

Canadian income investors, including retirees, are searching for dividend stocks that provide reliable distributions above the rates they get on fixed-income products, such as GICs.

Let's take a look at **Telus Corporation** (TSX:T)(NYSE:TU) and **Enbridge Inc.** (TSX:ENB)(NYSE:ENB) to see why they might be interesting picks.

Telus

Telus has avoided the temptation to spend billions of dollars on media assets. Some pundits say this could put the company at a disadvantage in the future, but the strategy doesn't appear to be hurting today.

Telus continues to add new TV, internet, and wireless subscribers at a healthy rate. In fact, 121,000 net new customers signed up for the company's services in Q2 2017, including 99,000 wireless postpaid subscribers, 17,000 high-speed internet customers, and 5,000 Telus TV subscribers.

The success can be attributed to a strong focus on customer service, as subscribers tend to stay loyal to Telus once they have signed up.

In fact, Telus reported a Q2 wireless postpaid churn rate of just 0.79% and blended churn was less than 1%.

These customers spend more each year. Blended average revenue per user (ARPU) rose 3.9% compared to the same period in 2016, hitting $66.87. This was the 27th straight quarter of ARPU growth on a year-over-year basis.

Free cash flow for the quarter was $260 million, compared to $126 million in Q2 2016.

Telus is generous when it comes to sharing the profits with investors. The current dividend yield is 4.5%, and Telus plans to raise the payout by at least 7% per year through 2019.

Enbridge

Enbridge closed its $37 billion acquisition of Spectra Energy earlier this year in a deal that created North America's largest energy infrastructure company.

Spectra's gas assets are a nice addition to Enbridge's heavy focus on liquids pipelines, and the purchase added a solid backlog of projects to the capital plan.

In total, Enbridge now has about $31 billion in near-term secured development projects underway. As the new assets are completed and go into service, Enbridge expects to see cash flow grow enough to support annual dividend increases of at least 10% through 2024.

The current distribution provides a yield of 4.9%.

Investors who buy today can pick up an above-average return and simply sit back and watch the dividend payments grow.

Is one a better bet?

Both stocks offer attractive dividends that should continue to grow at a strong pace.

Telus tends to be less volatile, while Enbridge is starting to look a bit oversold after the pullback over the past year. The pipeline giant also provides good exposure to the United States.

If you only buy one, I would probably go with Enbridge as the first choice today, although the best idea might be to split a new investment between the two names.

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