TFSA Investors: These 3 Dividend Stocks Have Payouts That Just Keep Growing!

Description

A TFSA account is a useful tool for investors since any income earned within it (including dividend income) is tax-free, and it's a great place to store your best investments. Dividend stocks that have high growth are particularly valuable since those yields will continue to grow. Years down the road, your 3% dividend stock could be paying you 6% on your initial investment. One metric you can use to help evaluate a growing dividend stock is how many years it will take for the payout to double at its current rate of increase.

I'll take a look at three stocks that would be great additions to your portfolio today which will give you stability and quality dividends that could easily double within 10 years.

Manulife Financial Corp. (TSX:MFC)(NYSE:MFC) currently pays its shareholders a dividend of 3.3% per year in quarterly installments of $0.205 per share. The dividend has grown from five years ago when it was just paying $0.13 per quarter for an increase of 57%. If the company were to keep increasing dividends at the same pace (which currently averages 9.5% per year), it would take fewer than eight years for the payout to double if you were to buy the stock today.

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The company's annual dividend payment of $0.82 per share is only 44% of its earnings and is a very manageable payout ratio with room to grow, and it can easily accommodate future increases as well. The insurance provider is also in a very stable industry with lots of potential to grow, and as the population continues to increase, the company will collect more premiums. Manulife has strong cash flow and has had no problem turning a profit over the years.

Canadian Utilities Limited (TSX:CU) is part of **ATCO Ltd.**, and despite its name, the company has operations that go beyond just utilities; it's involved in pipelines and logistical services as well. Currently, the stock pays a dividend yielding 3.7% per year, which has risen over 60% in five years for a compounded annual growth rate of 10%. If the company can maintain that growth rate, then it will take just over seven years for the dividend to double.

The company's total dividend payment represents less than 67% of its earnings in the trailing 12 months and, overall, looks to be very sustainable. Backed by strong financials and consistent results, Canadian Utilities is another investment that can provide you with stability and growing dividends.

High Liner Foods Inc. (TSX:HLF) pays the highest dividend of all the stocks listed here with a yield of just under 4%. The seafood company currently pays its shareholders $0.14 every quarter, and that has increased from just $0.055 five years ago for an increase of 154% during that time. If the company can continue to grow dividends at its average growth rate of 20% per year, then it will take fewer than four years for the payout to double from where it is today.

High Liner's earnings per share for the past 12 months is $0.80, which means its payout ratio just 70% of its earnings. The company has strength and consistency in its financials, and there is no reason to see the dividend in jeopardy anytime soon.

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