



Income Investors: 2 Canadian Dividend Stocks to Stick in Your TFSA Today

Description

Interest rates on GICs remain stubbornly low, so Canadian investors are turning to dividend stocks to boost their monthly income.

The strategy makes sense, especially when the shares are held inside a Tax-Free Saving Account (TFSA) where any dividends and capital gains are yours to keep. That's right; none of the spoils go to the taxman.

This is great news for all Canadian income investors, including seniors who rely on extra payments generated from their savings to supplement their pensions.

Let's take a look at two of Canada's top dividend stocks to see why they might be interesting picks for a TFSA income portfolio.

Fortis Inc. ([TSX:FTS](#))([NYSE:FTS](#))

Fortis owns natural gas distribution, power generation, and electric transmission assets in Canada, the United States, and the Caribbean.

The company gets most of its revenue from regulated businesses, which means cash flow should be reliable and predictable.

Recent investments have focused on the U.S., including the 2014 purchase of Arizona-based UNS Energy for US\$4.5 billion and last year's US\$11.3 billion acquisition of ITC Holdings.

The new assets are performing as expected, and management plans to raise the dividend by at least 6% per year through 2021.

Fortis has increased the payout every year for more than four decades, so investors should feel comfortable with the guidance.

The current payout provides a yield of 3.5%.

BCE Inc. ([TSX:BCE](#))([NYSE:BCE](#))

BCE closed its acquisition of Manitoba Telecom Services earlier this year in a deal that launched BCE to top spot in the Manitoba market and set the company up with a solid base to expand its presence in the western provinces.

BCE is primarily known for its mobile, TV, and internet services, but the company also owns a large media division with assets that include sports teams, a television network, specialty channels, and radio stations.

When you put all the wireless, wireline, and media businesses together, you get a powerful company that has the capability to interact with most Canadians on a daily basis.

Dividend investors have relied on BCE for decades, and there is little reason for that to change. The company generates sufficient free cash flow to support its generous payout and holds a dominant position in a market with few serious competitors.

Investors who buy today can pick up a yield of 4.8%.

Is one more attractive?

Both stocks pay solid dividends that should be very safe. At this point, I would probably split a new investment between the two names.

Fortis provides important access to the United States, while BCE's large payout pushes the combined yield above 4%.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:FTS (Fortis Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:FTS (Fortis Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date

2025/08/19

Date Created

2017/10/18

Author

aswalker

default watermark

default watermark