



2 Steady Dividend-Growth Stocks for TFSA Investors

Description

Canadians are searching for ways to boost returns on their hard-earned savings.

One popular option is to own [dividend-growth stocks](#) inside a Tax-Free Savings account (TFSA). The TFSA protects all gains from the taxman, and investors can either pocket their dividends or use the distributions to buy additional shares.

Let's take a look at **Fortis Inc.** ([TSX:FTS](#))([NYSE:FTS](#)) and **Telus Corporation** ([TSX:T](#))([NYSE:TU](#)) to see if one is a better pick today.

Fortis

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

The company has grown significantly in recent years, with most of the newly acquired assets located in the United States.

In fact, Fortis spent US\$4.5 billion in 2014 to buy Arizona-based UNS Energy and then dropped US\$11.3 billion last year to add Michigan-based ITC Holdings.

The two companies are performing as expected, and Fortis just bumped up its five-year capital plan to \$14.5 billion.

As a result, the rate base is expected to increase significantly in the coming years, and Fortis anticipates strong enough cash flow growth to support annual dividend increases of at least 6% through 2022.

The company has raised the payout every year for more than four decades, so investors should feel comfortable with the guidance.

At the time of writing, the dividend provides a yield of 3.6%.

Telus

Telus is one of Canada's [top communications companies](#) and is widely viewed as the player with the best customer service.

The company works hard to keep its customers happy, and the results of the efforts are turning up in the numbers. Telus regularly reports an industry-best postpaid mobile churn rate, and the loyal subscribers continue to spend more money.

In fact, Telus has reported 28 straight quarters of rising wireless blended average revenue per user (ARPU) on a year-over-year basis.

The company has a number of growth initiatives on the go, including its Telus Health division, which is a leader in providing digital solutions to doctors, hospitals, and insurance companies.

Telus just raised its dividend for the second time this year and is targeting annual increases of at least 7% through 2019.

The current payout provides a yield of 4.1%.

Is one more attractive?

Both stocks should be solid buy-and-hold picks for a dividend-focused TFSA portfolio.

At this point, I would probably split a new investment between the two names. Telus provides a slightly higher yield, and Fortis offers nice exposure to the United States.

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1. Dividend Stocks
2. Investing

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1. Editor's Choice

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2. NYSE:TU (TELUS)
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