TFSA Investors: 3 Dividend Kings You Can Rely On for Decades

Description

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

Retirees can take advantage of the TFSA to protect investment income from the taxman, while younger investors can benefit by using the full value of distributions to purchase new shares.

Let’s take a look at three stocks that might be attractive picks today.

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 has grown over the years through strategic acquisitions, with the largest investments in recent years focused on the United States, including the 2016 purchase of ITC Holdings for US$11.3 billion.

Fortis expects cash flow to improve enough to support annual dividend growth of at least 6% through 2022. The company has raised the payout every year for more than four decades, so investors should be comfortable with the guidance.

The current distribution provides a yield of 3.6%.

BCE Inc. (TSX:BCE)(NYSE:BCE)

BCE closed its purchase of Manitoba Telecom Services earlier this year in a deal that bumped the giant into the top spot in the Manitoba market and set the company up for an expansion of its presence in the western provinces.

BCE has a long track record of dividend growth, and that should continue in step with rising free cash flow.

Some pundits say the stock is expensive and doesn't offer great growth prospects. That might be true, but the dividend is rock solid, and BCE tends to hold up well when the broader market hits a rough patch.

Investors who buy today can pick up an attractive 4.6% yield.

Enbridge Inc. (TSX:ENB)(NYSE:ENB)

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

Spectra added important gas assets and helped bump the capital plan to about $32 billion, of which $22 billion should be completed in the next three years. As the new assets go into service, Enbridge expects cash flow to increase enough to support dividend hikes of 10% per year through 2020.

The company just raised the payout by 10% for next year, and that comes on the heels of a 15% increase in 2017.

The stock has bounced off the recent 12-month low, but it still looks oversold. At the time of writing, investors can pick up a 5.4% yield.

The bottom line

Canadian savers can still get great yield from reliable dividend-growth names. If you simply want three stocks to buy and put away for the long haul, these companies have great track records of delivering attractive returns.

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Date
2025/08/23
Date Created
2017/12/13
Author
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