2 Top Dividend Stocks for Your TFSA to Buy and Never Sell

Description

In any investing strategy, where your aim is to build your savings portfolio, dividend stocks should be at the top of your buying list. In Canada, Tax-Free Savings Accounts (TFSAs) provide one of the best avenues to fulfill that goal.

Here are two top dividend stocks that you should consider for your TFSA if your plan is to remain invested for a long time and to use the power of compounding to multiply your wealth.

Bank of Nova Scotia

When I zero in on the Canadian banking sector to look for long-term income potential, **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS) stands out.

The reason for this bullish call on the most international Canadian bank is its focus on emerging markets — a move which is helping this lender grow its income at a time when opportunities in the domestic market are very limited.

BNS's growing presence in the Pacific Alliance — an economic bloc consisting of on Mexico, Peru, Chile, and Columbia — is fueling growth and proving to be a great source of diversification.

In a recent presentation to investors, CFO Sean McGuckin said the region is likely to contribute 30% to the bank's total revenue over the next three years, up from 23% now. The bank's Canadian business, which currently accounts for 52% of total revenue, is likely show growth in line with the trends.

For your TFSA, however, the most important factor to pick any dividend stock is its potential of growing payouts. BNS has a very impressive record on this metrics. It's hiked its payout in 43 of the last 45 years. Investors got two dividend hikes from this lender last year; it grew its payout by about 7%.

Trading at $79.14 a share and with an annual dividend yield of 4.14%, BNS stock is a good pick for your TFSA if you want to buy and hold this banking name.

Rogers Communications

Just like BNS, **Rogers Communications Inc.** (TSX:RCI.B)(NYSE:RCI) is also an attractive dividend stock to hold in your TFSA. Rogers is Canada's second-largest telecom company, but it has the largest market share of the country's growing wireless segment, dominating about a third of the market's revenue and subscribers.

In the latest quarterly report, Rogers's profit topped analysts' forecasts, as it attracted more wireless postpaid and internet customers and reported strong revenue growth from its media division. Rogers has beat expectations in seven of the previous eight periods.

These results show the company's ability to churn out cash each quarter and deploy it for growth and payout distribution.

Rogers's stock currently offers an annual dividend yield of 3.13%, the lowest among the Big Three telecom operators. Rogers hasn't increased its dividend since the first quarter of 2015, when it boosted its quarterly payout by 5% to $0.48 a share.

But that doesn't tell us the complete story. On a total-returns basis, Rogers produced 22% in the past two years — the highest return when compared to other players.

The bottom line

Both BNS and Rogers are solid dividend stocks that provide stable income in the form of dividends. TFSA investors can pick both or one of these top names and hold for decades to earn steadily growing payouts.

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