



## A Top Dividend Stock to Buy and Hold in Your TFSA

### Description

What if you want to earn steady stream of tax-free income without going to work? It's not a difficult task if you have some cash to spare and you're willing to put that money to work through your Tax-Free Savings Account (TFSA).

Investors in dividend stocks get paid for owning part of a company that's producing income. This is a simple and the most effective way [to earn passive income](#). But the only challenge in this game is to find companies that are healthy and growing.

So, if you're ready to put some money to work, here's a top dividend stock that offer steady payouts, the potential for big dividend hikes, and a potential for a nice capital gain to boot.

### Telus Corporation

Among Canada's three to telecom operators, [Telus Corporation](#) ([TSX:T](#))([NYSE:TU](#)) offers an attractive opportunity to earn dividend income and benefit from the company's growth potential.

The company has invested billions of dollars in its network over the past 15 years. Telus is investing \$1.5 billion in new communications infrastructure and technology in Ontario through 2020 to enhance the speed, capacity, and coverage of its wireless networks

In the first quarter, its fibre-optic deployment hit a milestone when it covered 51% of Telus' footprint in the west and in Quebec. This fibre deployment has positioned Telus to attract customers to its next-generation 5G wireless networks that will use fibre as a backbone to ensure fast speeds.

For dividend investors, the most important thing is the growth in the company's payout. On this front, Telus is doing great. In the most recent quarter, Telus raised its dividend by 6.6% to \$0.525 a share.

Many analysts believe that Telus is in a much better position to grow its dividends going forward when compared to other operators, largely because the company has already invested heavily to improve its infrastructure. It expects its fibre build to be two-thirds complete in 2019 when it starts launching 5G networks.

Telus is targeting 7-10% growth in its dividend each year. Given the company's ability to generate more cash through its growing customer base throughout Canada, this target doesn't seem too ambitious. During the past five years, Telus payout growth has been more than 10%.

### **The bottom line**

Trading at \$45.57 a share at the time of writing, Telus shares are down more than 4% amid rising bond yields, which put pressure on utility stocks such as telecom. But I don't think this bearish spell will persist for too long. With a dividend of 4.6% and a good upside potential, Telus is a good addition to your TFSA this summer.

### **CATEGORY**

1. Dividend Stocks
2. Investing
3. Stocks for Beginners
4. Tech Stocks

### **TICKERS GLOBAL**

1. NYSE:TU (TELUS)
2. TSX:T (TELUS)

### **PARTNER-FEEDS**

1. Msn
2. Newscred
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