



## Add These 2 Telecoms to Your TFSA and Take Advantage of Tax-Free Income

### Description

While Canadian dividends are favourably taxed in general, it is still better to pay no tax at all if you can possibly help it. And one thing Canada has to offer is companies that pay excellent, growing dividends. Canada is home to a number of great dividend-paying companies, and you should have that income coming to you tax-free if you can possibly help it.

The sectors that have amazing dividends, especially when you factor in solid dividend growth, are the banks, the pipelines, and, of course, the telecoms. Telecom companies are core holdings for many income-focused Canadian investors. But which ones should you hold? The two I like the best are **BCE Inc.** ([TSX:BCE](#))([NYSE:BCE](#)) and **Telus Corporation** ([TSX:T](#))([NYSE:TU](#)).

#### BCE Inc.

BCE is a [steadily growing company](#) that continues to deliver quarter after quarter. Operating revenues in Q1 2018 rose a respectable 4.8% over the same period a year ago, and free cash flow increased by almost 10%. Net earnings increased 3% over the same period, demonstrating the solid financial footing of this company and the growth that still exists for it going forward.

There is nothing so far in the company's financials that seem to justify the fall it has had over the past several months. The dividend is now a 5.5%, fully supported by free cash flow. And with free cash flow growth progressing as it did this quarter, future dividend growth should follow.

#### Telus Corporation

Telus's performance was also quite good in Q1. The company reported a 104% increase in free cash flow and a 6% increase in revenue year over year. Earnings decreased 1.4%, but this was primarily due to increased financing costs and income taxes in the quarter, although rising operating income helped to offset the loss. The company's business growth (total subscriber connections increased by 3%) indicates more strength in the future.

While the dividend is not as large as BCE's at the current stock price (it [currently has a 4.5% yield](#)), Telus has grown the dividend for years. This dividend growth includes a recent 5.2% increase in the

quarterly dividend. Free cash flow growth and increasing revenues should power future dividend increases.

### Getting with the program

While these companies are by no means going to provide the adrenaline rush produced by speculating on high-flying tech, marijuana, or cryptocurrency stocks, they will reliably build in value over time, producing fantastic cash flow along the way. Although these companies will likely produce capital gains, these stocks are meant to produce continued growing income.

It is this steady growth and income that make these ideal holdings for a TFSA. A high-flying marijuana, tech, or cryptocurrency stock may generate massive capital gains within your TFSA, but they could also collapse to zero, leaving you with nothing — not even the ability to write off the capital gain. Stable dividend payers like BCE and Telus, however, probably won't lose significant capital gains, and those steady payments will keep streaming in.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:TU (TELUS)
3. TSX:BCE (BCE Inc.)
4. TSX:T (TELUS)

### PARTNER-FEEDS

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

### Category

1. Dividend Stocks
2. Investing

### Date

2025/08/16

### Date Created

2018/07/06

### Author

krisknutson

default watermark