



2 Top Canadian Dividend Stocks to Buy in Your TFSA Today

Description

Canadian investors are searching for quality [dividend stocks](#) to own inside their TFSA portfolios.

The strategy makes sense, whether you are a retiree looking to earn tax-free dividends to complement pension income, or a young investor setting aside funds to support a comfortable lifestyle in the golden years.

Let's take a look at two top Canadian companies that might be attractive picks right now.

TransCanada Corp. ([TSX:TRP](#))([NYSE:TRP](#))

TransCanada Corp. is a major player in the North American energy infrastructure sector with a diverse asset base that includes natural gas distribution and storage, liquids pipelines, and power generation.

The stock has bounced off the 2018 low near \$51 to \$57 per share, but it is still well below the 12-month high above \$64, so investors are looking at some decent upside potential.

TC is making good progress on its \$21 billion portfolio of near-term capital projects, which should be completed through the end of 2021. In addition, the company has \$20 billion in larger long-term developments on the blackboard, including the Coastal GasLink pipeline, the Keystone XL pipeline, and the Bruce Power life extension.

Coastal GasLink received approval in May from the Environmental Assessment Office in British Columbia. TC is now waiting for LNG Canada to make the final investment decision. Keystone XL was approved by the Trump administration in 2017, and TC is working out details and permits with local groups. Bruce Power supplies 30% of Ontario's electricity. The nuclear facility is 48.5% owned by TC and is scheduled to begin a Major Component Replacement in 2020 that is part of a plan to extend the operating life of the facility to 2064.

The near-term projects are expected to generate cash flow growth to support annual dividend increases of at least 8% over the next three years. A go-ahead on Keystone XL or Coastal Gas Link would likely extend the dividend-growth guidance.

The current payout provides a [yield](#) of 4.8%.

Sun Life Financial Inc. ([TSX:SLF](#))([NYSE:SLF](#))

Sun Life is a great pick for investors who want to get exposure to global growth through a Canadian stock. The company operates insurance, wealth management, and asset management businesses in Canada, the United States, the U.K., and Asia.

The operations in India, China, and several other Asian countries should drive future growth for Sun Life, as middle-class expansion in the heavily populated region bodes well for insurance and investment product demand.

At home, rising interest rates are providing a nice boost to the yield Sun Life's insurance businesses can get on the funds that must be set aside to cover potential claims. As rates continue to move higher, Sun Life should see a nice boost to income.

The company has raised the dividend aggressively in recent years after a pause during the financial crisis. At the time of writing, the stock provides a yield of 3.6%.

Sun Life's stock is down from the 12-month high of \$56 to about \$53 per share, giving investors an opportunity to pick up the company on a dip.

The bottom line

Dividend growth should continue at both TransCanada Corp. and Sun Life in the coming years, providing income investors and retirement planners with an opportunity to get the most out of these stocks inside a TFSA.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:TRP (Tc Energy)
2. TSX:SLF (Sun Life Financial Inc.)
3. TSX:TRP (TC Energy Corporation)

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