

## 2 Stocks for Millennials Seeking Income in Their TFSAs

### Description

In past articles, I have [discussed](#) why millennials should be willing to take on risk to maximize the growth potential of their portfolios going forward. This is not to say that millennials and investors with a long time horizon should not also focus on generating income. On the contrary, we are in the midst of the second-longest bull run in the history of the stock market. Investors should be actively preparing for a pullback, and that means gearing up their portfolios to generate income, even if asset prices are falling.

Safeguarding your portfolio is not the only advantage of targeting [income-generating stocks](#). These companies are typically higher quality, as stocks that pay steady dividends have strong fundamentals in comparison to their riskier counterparts. This is why bank stocks are always at the top of the list for investors just starting out.

Today, we are going to look at two top dividend stocks for millennials to dip into and count on for the long term. Both pay very solid dividends and boast strong fundamentals.

#### **Genworth MI Canada Inc.** (TSX:MIC)

Genworth MI Canada stock has climbed 6.3% in 2018 as of close on July 25. Shares are up 27.5% year over year. This performance is impressive considering the choppy housing market Genworth has contended with. It is the largest private residential mortgage insurer in Canada.

One of the reasons it has avoided blowback from new OSFI regulations instituted in January is because the stress test was imposed on uninsured buyers. Genworth's clients were already being exposed to a stress test in late 2016. Higher rates threaten the loan growth of alternative lenders and big banks. Like the latter, Genworth has managed to combat lower premiums written through a higher average premium rate. In the first quarter, premiums written from transactional insurance rose 22% to \$109 million largely due to an 18% higher premium rate.

Genworth is set to release its second-quarter results on August 1. The stock offers a quarterly dividend of \$0.47 per share, representing a 4% dividend yield.

#### **National Bank of Canada** ([TSX:NA](#))

National Bank is the sixth-largest of the Big Six banks in Canada. Shares of National Bank have climbed 1.4% in 2018 as of close on July 25. The stock is up 12.6% year over year. Third-quarter earnings season for Canadian banks is fast approaching, and investors are expecting the next flurry in late August.

The second quarter was another very positive one for the National Bank. Net income rose 13% year over year to \$547 million with a particularly good performance in its U.S. Specialty Finance and International segment. Profits in this segment surged 58% from the prior year to \$63 million. National

Bank will also face challenges from rate tightening, but it will also benefit from higher margins, as its peers have.

In the second quarter, National Bank raised its quarterly dividend by \$0.02 to \$0.62 per share, which represents a 3.7% dividend yield.

## CATEGORY

1. Investing

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1. Editor's Choice

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1. TSX:NA (National Bank of Canada)

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