



2 Top Dividend Stocks to Buy for Your TFSA This Summer

Description

[The Tax-Free Savings Account](#) (TFSA) is one of the most powerful wealth-building tools available to Canadians.

From 2009, Canadians over the age of 18 could contribute \$5,000 per year into a TFSA, an account that lets everything inside of it compound tax free. You can also withdraw your funds from the TFSA without paying any taxes on them. The combination of tax-free growth and the flexibility make TFSAs extremely attractive for young investors.

After some changes in the contribution limit since the start of the plan, every Canadian who was 18 years old in 2009 should have \$57,500 as their TFSA contribution limit this year.

If you're motivated to begin your saving journey by using your TFSA, the next challenge is to decide where you should invest. In my opinion, solid dividend stocks are the best option for long-term investors.

Top dividend stocks for TFSA

Among the dividend stocks, it's hard to go wrong with investing in some of the top utility stocks, such as telecom operators and infrastructure developers.

Take **Rogers Communications Inc.** ([TSX:RCI.B](#))([NYSE:RCI](#)) as an example. Rogers owns Canada's largest and best wireless network, some of our leading media properties, and it has millions of cable, internet, and home phone customers.

Those are the kinds of assets you want to own for your TFSA. The stock is also trading at a fairly reasonable 18 times earnings while paying a 2.9% dividend yield. Since 2015, Rogers has offered the best returns when compared to other telecom stocks. Assuming all dividends were reinvested — its annual return was 15%, more than doubled the return produced by **BCE Inc.**, which is Canada's largest telecom operator.

And the picture is much more rosier when you analyze [Rogers's performance](#) over the past five years, as you would have doubled your money during that period.

Another solid dividend pick for your TFSA is the Toronto-based **Brookfield Infrastructure Partners L.P.** ([TSX:BIP.UN](#))([NYSE:BIP](#)). [Brookfield](#) owns utilities, transportation, energy, and communications infrastructure across North and South America, Asia Pacific, and Europe.

These infrastructure assets are long-lived and produce a steady cash stream. Brookfield's approach is to create value for its shareholders by buying some distressed assets and making them viable. It actively manages those assets and tries to maximize the returns by selling them at attractive prices.

This strategy has worked well for the company's shareholders. Since its inception in 2008, BIP has delivered annual total returns of 15%.

Brookfield has been a great dividend-growth stock. The company targets annual growth of 5-9% in its dividend, but the actual growth of 12% has far exceeded its distribution target.

The bottom line

Adding stocks such as Rogers and Brookfield to your TFSA is a great way to build your wealth. This approach requires patience and regular contributions to your investment account.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
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POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. NYSE:RCI (Rogers Communications Inc.)
3. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
4. TSX:RCI.B (Rogers Communications Inc.)

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