TFSA Investors: 2 Dividend Stocks To Buy When the Market Is Falling

Description

If you're in the market to build your retirement portfolio through your Tax-Free Savings Account (TFSA), it makes sense to stick with some top-quality dividend stocks.

Investing in the best dividend stocks will save you from worrying about day-to-day market volatility and taking unnecessary risks. These two considerations are important in a market that's undergoing a corrective phase and is potentially providing attractive buying opportunities.

Here are two Canadian names that you may find worth considering for your TFSA after the pullback in their values during the past one month.

Royal Bank of Canada

In an environment that sees the Bank of Canada hiking interest rates when the economy is going strong, buying top banking stocks is a good strategy for new investors.

Royal Bank of Canada (TSX:RY)(NYSE:RY) is the nation's largest bank with more than $1.2 trillion in total assets. It also has a strong presence in the U.S. after its acquisition of City National Bank in 2015.

Canadian banks are considered low-risk investments to earn stable and growing dividend income. RBC has paid distributions to shareholders every year since 1870. In its third-quarter earnings, RBC again surpassed analysts' expectations for profitability and revenue growth.

Helped by robust growth in both U.S. and Canada and a rising rate environment, RBC reported an 11% jump in its revenue. The U.S. wealth-management arm was a major contributor, where profit surged 44% to $202-million, as loans made by the City National subsidiary grew by 15%.

Trading at $95.47 and with an annual dividend yield reaching 4%, RBC stock is a solid buy after about 8% pullback in the past one month. RBC is well-positioned to provide TFSA investors growing dividend income, especially when it's benefiting from North America's rising interest rates and robust growth.

Telus Corporation

It may not be the perfect time to buy Canadian telecom stocks when bond yields are climbing. Telus Corporation (TSX:T)(NYSE:TU), however, is one such stock that I recommend buying due to its growing business and attractive payout policy.

Telus is targeting 7-10% growth in its dividend each year. This year, Telus raised its quarterly dividend by 6.6% to $0.525 a share. Going forward, this growth is unlikely to slow given the company's huge investment to enhance the speed of its network, capacity, and coverage of its wireless networks.

Another bright aspect of investing in Telus is that the company has a robust international business, which is contributing heavily to its revenue. Telus International, its subsidiary that provides customer service outsourcing and digital IT services to global clients, is forecast to generate more than $1 billion in sales this year.

Trading at $45.53 and with an annual dividend yield of 4.62%, Telus stock is down more than 4% during the past month.

The bottom line

Buying and holding dividend stocks, such as RBC and Telus, you can generate growing dividend income through your TFSA. The only secret is that you have to remain invested through the thick and thin of the market.

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