# 3 Reliable Dividend-Growth Stocks to Build a TFSA Retirement Fund

## Description

Canadians are using the Tax-Free Savings Account (TFSA) to set aside cash to meet a number of financial goals.

One popular use for the TFSA is to hold dividend-growth stocks and invest the distributions in new shares. This taps a powerful compounding process that can help investors turn relatively small initial sums into substantial savings over the course of 20 or 30 years.



Let's take a look at three Canadian stocks that might be good candidates to start a TFSA retirement portfolio.

**Fortis** (TSX:FTS)(NYSE:FTS)

Fortis might not be a very exciting business. It owns power generation, electric transmission, and natural gas distribution assets. This is certainly dull stuff when compared to marijuana or social media stocks, but the company has delivered impressive long-term results.

Fortis gets most of its revenue from regulated assets, which means cash flow should be steady and predictable. The businesses are located in different geographic locations across Canada and the United States as well as the Caribbean. The company grows through strategic acquisitions and organic development. At the moment, Fortis is working through a $15.1 billion capital program that should significantly boost the rate base over the next five years.

As a result, the dividend is expected to increase by at least 6% per year over that time frame. Fortis has raised the payout every year for more than four decades, so investors should be comfortable with the outlook.

The stock currently provides a yield of 4.1%.

**Bank of Montreal** (TSX:BMO)(NYSE:BMO)

Bank of Montreal is Canada's oldest bank and has paid a dividend every year since 1829. That's an impressive track record that speaks to the quality of the organization and its operations.

The company has a balanced revenue stream coming from personal and commercial banking, wealth management, and capital markets divisions, with branches located in both Canada and the United States. The U.S. presence dates back to the early 1980s and currently counts more than 500 branches in the BMO Harris Bank division.

The stock started to get a bit expensive in recent months, but the sell-off since late September is bringing the price-to-earnings multiple back to a reasonable level. Bank of Montreal still isn't cheap, but the balanced revenue stream combined with lower exposure to the Canadian housing market relative to some of its peers makes the stock an interesting pick today.

The dividend yield is 3.9%.

**Telus** (TSX:T)(NYSE:TU)

Telus is a major player in the cozy Canadian communications sector. The company continues to invest heavily in its wireline and wireless network infrastructure to ensure it delivers world-class service to its growing customer base.

Telus decided to avoid the media segment and has instead channeled funds into its growing Telus Health division. The group is a leader in providing digital health solutions to doctors, hospitals, and insurance companies in Canada. The company also owns private health facilities that cater to corporations and high-net-worth families.



Telus has a strong track record of dividend growth, and the stock tends to hold up well when the broader market goes through tough times.

The existing dividend provides a yield of 4.6%.

**The bottom line**

Fortis, Bank of Montreal, and Telus are all top-quality dividend stocks that should be solid picks to start a TFSA retirement portfolio.

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