



## A Great Dividend Stock That You Can Hold in Your TFSA for Decades

### Description

Using your [Tax-Free Savings Account](#) (TFSA) to build your retirement portfolio is a great strategy. In this approach, you basically earn tax-free capital gains and dividends.

The other advantage that makes TFSA stand out is its flexibility. You can take out your money anytime you want without triggering any tax liability. For these reasons, I strongly recommend to new and young investors to make use of this incentive to grow wealth for their golden years.

So, if you're ready to put some money to work, here's a great dividend stock that offers steady dividend and a potential for a nice capital gain to boot.

### Telus Corporation

Canada's telecom companies are great cash cows. Simply speaking, they operate amid an oligopoly where each operator has a big enough share of the pie to generate strong cash flows.

Among Canada's three top telecom companies, [Telus Corporation](#) ([TSX:T](#))([NYSE:TU](#)) offers an attractive opportunity to earn dividend income and benefit from the company's growth potential.

For TFSA investors, the most important thing is growth in the company's dividend. On this front, Telus is a great stock to own. Early this month, Telus announced a 7.9% hike to its quarterly dividend, increasing the payout to \$0.545 per share. Telus is targeting 7-10% growth in its dividend each year.

The operator was able to reward its investors as it continues to add more subscribers to its network. In the third quarter, the company beat analysts' forecasts for new television and internet subscribers. It added 36,000 new internet customers and 18,000 TV subscribers in the period, almost doubling analysts' expectations.

At its larger wireless division, it attracted 109,000 new contract customers, also ahead of estimates for about 105,000. Telus reported total revenue of \$3.77-billion, up 11%, while profit rose by 10% to \$447-million.

In my view, Telus is in a much better position to grow its dividends going forward when compared to other operators, largely because the company has already invested heavily to improve its

infrastructure. It expects its fibre build to be two-thirds complete in 2019 when it starts launching 5G networks.

### Bottom line

Trading at \$46.25 a share at the time of writing, Telus shares are down more than 3% this year amid rising bond yields, which put pressure on utility stocks such as telecom. But I don't think this bearish spell will persist for too long. With a forward dividend yield of 4.6% and a good upside potential, Telus is a good candidate for your TFSA.

### CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners
4. Tech Stocks

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1. NYSE:TU (TELUS)
2. TSX:T (TELUS)

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