



3 Dividend Stocks for Your TFSA Income Fund

Description

Canadian savers are searching for quality dividend stocks to add to their [TFSA portfolios](#).

All distributions paid inside the TFSA are tax-free, so retirees and other income investors can pocket the full value of the dividends in addition to their regular monthly pension or employment cheques.

Let's take a look at three stocks that might be interesting picks right now.

Pembina Pipeline ([TSX:PPL](#))([NYSE:PBA](#))

Pembina's stock price has held up quite well amid the broader downturn in the energy infrastructure market. At the time of writing, the stock trades for \$44.50 per share compared to the 2018 high near \$47.50.

Pembina generated solid Q3 2018 results, supported by strong performances from assets acquired in the 2017 takeover of Veresen.

The company raised guidance for 2018 and a healthy portfolio of new projects should support ongoing cash flow and dividend growth.

The current monthly payout of \$0.19 per share provides a [yield](#) of 5.1%.

Telus ([TSX:T](#))([NYSE:TU](#))

Telus continues to attract large numbers of new subscribers for its wireless, internet, and TV services.

The company puts a heavy focus on customer service and the efforts are showing up in the results. Postpaid mobile churn came in below 1% for Q3 2018.

Telus reported a 41% jump in year-over-year Q3 free cash flow to \$303 million. The company is past the peak of a major capital program and that bodes well for dividend investors.

Telus announced a dividend increase when it reported the Q3 results. The new quarterly payout of \$0.545 per share provides a yield of 4.6%.

The stock trades at \$47 per share, slightly off the 2018 high near \$49.

Fortis ([TSX:FTS](#))([NYSE:FTS](#))

Fortis has raised its dividend every year for more than four decades, and that trend appears set to continue.

The company has a \$17.3 billion capital program outlined for the next five years that should boost the consolidated rate base from \$26.1 billion in 2019 to \$35.5 billion by the end of 2023.

As a result, revenue and cash flow are expected to increase enough to support annual dividend increases of at least 6% over the next five years.

That's pretty good guidance, and investors should feel comfortable with the plan, given the strong track record.

The existing payout provides a yield of 3.9%. The stock has enjoyed a nice rally in recent weeks, so it isn't exactly on sale right now. That said, Fortis is a proven pick for investors who simply want to buy the stock and forget about it for two or three decades.

The bottom line

Pembina, Telus, and Fortis all pay solid dividends that should continue to grow. If you are searching for stable stocks to add to your TFSA portfolio right now, these companies deserve to be on your radar.

CATEGORY

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TICKERS GLOBAL

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2. NYSE:PBA (Pembina Pipeline Corporation)
3. NYSE:TU (TELUS)
4. TSX:FTS (Fortis Inc.)
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