



3 Dividend Stocks to Launch Your TFSA Retirement Fund in 2019

Description

Canadian savers are using their Tax-Free Savings Account (TFSA) to hold [top dividend stocks](#) as an additional tool for putting aside cash to complement pensions, OAS, and CCP payments in the golden years.

The strategy makes sense, as all dividends paid inside the TFSA can be invested in new shares without the concern of sharing some of the distributions with the taxman. When the time finally comes to cash out the holdings and spend the money, any capital gains that have occurred are also tax-free.

In 2019, the TFSA contribution allowance jumps to \$6,000, bringing the maximum total room to \$63,500 for any Canadian resident who was at least 18 years old in 2009 when the program began.

Let's take a look at three stocks that might be interesting picks right now to start your TFSA retirement portfolio.

Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#))

Royal Bank is the king of the Canadian banking sector based on market capitalization with a valuation of \$132 billion.

The attraction with Royal Bank is its balanced revenue stream coming from strong personal and commercial banking, wealth management, capital markets, insurance and investor and treasury services groups. The Canadian operations make up the largest part of the company's profits, but the U.S. has become more important after the bank spent US\$5 billion on an acquisition in late 2015.

Profits run about \$1 billion per month, and management anticipates earnings growth of at least 7% per year over the medium term. Dividend increases should continue at a steady rate in line with rising earning. The current payout provides a [yield](#) of 4.3%.

Enbridge ([TSX:ENB](#))([NYSE:ENB](#))

Enbridge fell out of favour with investors in recent years, and the stock dropped from a 2015 high above \$65 to a 2018 low around \$38. The company has made significant efforts to right the ship in 2018 and while the share price is modestly off the lows, the market might not be giving Enbridge the credit it deserves.

What's the scoop?

The management team finally got the hint and launched an ambitious strategy overhaul late last year that is simplifying the corporate structure, reducing debt, and focusing on regulated businesses.

The company announced nearly \$8 billion in non-core asset sales in 2018 and brought four subsidiaries in-house. At the same time, asset growth continues through the \$22 billion secured capital plan, and this is supporting ongoing dividend hikes of 10% for 2019 and 2020.

Investors can now pick up a 7% yield while they wait for market sentiment to shift.

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

Fortis is one of those stocks investors can buy and simply forget for a couple of decades. The company owns utility businesses that mostly operate in regulated markets, making cash flow reasonably predictable and reliable.

Fortis has a strong track record of growing through strategic acquisitions and organic capital projects. Two large takeovers in the United States in recent years were well timed, as the U.S. dollar is climbing against the loonie, and corporate tax cuts in the United States are keeping more of the profits in the company's bank account.

Management plans to raise the dividend by 6% per year through 2023. That's pretty good guidance in the current environment. The stock currently provides a yield of 4%.

The bottom line

The TSX Index is full of top-quality stocks that are attractive picks right now, but these three companies should provide a diversified base for a buy-and-hold TFSA retirement portfolio focused on quality dividend stocks.

CATEGORY

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

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:FTS (Fortis Inc.)
3. NYSE:RY (Royal Bank of Canada)
4. TSX:ENB (Enbridge Inc.)
5. TSX:FTS (Fortis Inc.)
6. TSX:RY (Royal Bank of Canada)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

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

Tags

1. Editor's Choice

Date

2025/08/06

Date Created

2018/12/26

Author

aswalker

default watermark

default watermark