# Stash These 2 Dividend Stocks in Your TFSA for the Long-Term

## Description

Many TFSA investors hope to benefit from the stocks they buy not just by selling them for a profit, but also by cashing in on the dividend payouts companies issue. If you happen to be one such investor, here are two dividend stocks you should consider adding to your portfolio: **Imperial Oil Limited** ( TSX:IMO) and **AltaGas Limited** (TSX:ALA).



**Imperial Oil Limited**

High dividend yields can be great, but there are not the only — or even the main — factor to consider when deciding which dividend stocks to add to your portfolio. An abnormally high dividend yield can actually be a double-edged sword. A company's yield can be inflated if its stock price plummets while it continues to issue the same dividend payout. Dividends are only as good as the earnings and cash flow a company generates.

That's why you shouldn't let Imperial Oil Limited current dividend yield of 2.10% deceive you. Although the volatility of oil prices can affect its earnings, the Calgary-based petroleum company offers a product that is essential to modern-day life. Many of Canada's regions are notoriously rich in oil, making it one of the largest exporters of oil in the world. As the second largest integrated oil company in Canada, IMO is in a position to reap the benefits for years to come.

IMO's 10-year dividend history shows the company's payouts have been on an upward trajectory. Indeed, IMO has raised its dividends in all but one year during this period, increasing its payouts by 90% in total since 2009. That is an average yearly increase of 10%. The company's trailing 12 months payout ratio is around 43%. With a five-year average payout ratio in the same range, IMO can afford constant dividend payout increases.

**Altagas Limited**

Altagas benefits from some of the same advantages as Imperial Oil. The company's three business segments — gas, power generation, and utilities — are essential to modern day life, making their demand relatively constant regardless of economic conditions. Altagas also operates in the rich Canadian regions. However, Altagas' position within these markets is weaker than that of Imperial Oil.

One of the main reasons for this is the fact that IMO has been on the scene for more than 100 years, while Altagas is about a quarter of a century old. Altagas' strategy to increase its market position focuses on acquisitions in areas with strong growth potential. The company's latest acquisition was that of **WGL Holdings**, a natural gas utility firm with operations in the Washington D.C region. Altagas owns operations in several other U.S. states, including Colorado, California, Michigan, and North Carolina.

Altagas' recent dividend history is a bit volatile. While the company has generally raised its dividend payouts, there have been some complications along the way. Altagas recently slashed its payouts by more than 50%. This event is unusual, however, and Altagas issues monthly dividend payouts, which is an added advantage for those looking to grow their TFSA.

**Investor takeaway**

Imperial Oil and Altagas both offer necessary goods, which puts them in a good position to continue generating strong earnings for years to come. While there will undoubtedly be hiccups along the way, both companies are attractive options for those looking to beef up their TFSA.



**CATEGORY**

1. Dividend Stocks
2. Energy Stocks
3. Investing

**TICKERS GLOBAL**

1. TSX:ALA (AltaGas Ltd.)
2. TSX:IMO (Imperial Oil Limited)

**PARTNER-FEEDS**

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

**Category**

1. Dividend Stocks
2. Energy Stocks
3. Investing

**Date**
2025/08/23
**Date Created**

2019/02/20
**Author**
pbakiny