Inject Some Income Into Your TFSA With These 3 Dividend Studs

Description

Do you want to protect your TFSA against volatility with steady income that comes in whether the markets go up or down?

If so, dividend stocks are just what the doctor ordered. Not only is dividend income relatively stable compared to capital gains, but it can also serve as a decent proxy for the overall health of a company. Stocks that can afford to pay long-term dividends usually have dependable earnings, so investing in dividend stocks can save you from sinking money into a lost cause.

Over the past few years, the S&P/TSX Composite Index delivered fairly sluggish gains. In a five-year period where the S&P 500 gained 54%, the TSX returned a tepid 12%. Those returns don't exactly inspire, but they've had the welcome consequence of pushing dividend yields fairly high. As a result, it's now extremely easy to find 3-4% yielders on the TSX.

If you're looking to add some regular income into your TFSA or RRSP, here are three dividend stocks that fit the bill.

Canadian Tire (TSX:CTC.A)

Canadian Tire is one of Canada's best-known companies. As the nation's biggest vendor of outdoor supplies and miscellaneous auto products, it's well known from coast to coast. It's also been a halfway decent investment, gaining 37% over the past five years to the TSX's 12%.

In its most recent quarter, Canadian Tire grew revenue by 5.5% and diluted EPS by 16.6% year over year. Canadian Tire shares pay a dividend that yields about 2.85% as of this writing, and the company has grown its dividend dramatically from $0.35 to $1.05 since 2013. Should that growth rate continue into the future, you could find yourself with a 7% yield in five years' time (on shares purchased today).

Royal Bank (TSX:RY)(NYSE:RY)

Royal Bank is one of Canada’s oldest and largest bank stocks. The company was notable for growing earnings by 7% year over year in its most recent quarter, when most Canadian bank stocks flat-lined over the same period.

Royal Bank shares yield about 4% at present, and the dividend has been growing year after year. Financial stocks are a bit of a concern area at the moment, being hit by slowing mortgage growth and growing credit risks. However, Royal Bank seems to be handling these risk factors better than most other banks, as evidenced by its superior growth in Q1.

Fortis (TSX:FTS)(NYSE:FTS)

Fortis is Canada’s largest private utility and one of its best long-term dividend stocks. With an uninterrupted 45-year track record of raising its dividend, it is a classic income grower.

As a utility, Fortis predictably has a mountain of debt; however, all companies in the capital-intensive utility sector face this problem. On the positive side, the highly regulated nature of this industry means that investors can count on utilities for steady income streams. Utility stocks are also great in recessions because their product is a bare necessity that people can’t simply opt out of.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. NYSE:RY (Royal Bank of Canada)
3. TSX:CTC.A (Canadian Tire Corporation, Limited)
4. TSX:FTS (Fortis Inc.)
5. 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

Tags

1. Editor's Choice

Date
2025/07/08
Date Created
2019/04/09
Author
andrewbutton