2 Safe Dividend Stocks to Buy for Your TFSA Today

Description

The TFSA is one of the best places to shelter your dividend income and capital gains from taxes, as this money remains sheltered forever.

With an accumulated maximum of $63,500, there are a lot of tax savings to be had.

Take advantage of this to the maximum of your ability, and as the rewards continue to accrue and compound, you will notice your money growing like never before — assuming, of course, you are choosing the right investments.

Here are two safe dividend stocks you should consider adding to your TFSA today, as these stocks have a strong history of shareholder value creation through dividend income and capital gains as well as a strong runway for growth going forward.

TC Pipelines (TSX:TRP)(NYSE:TRP)

For more than 65 years, TC Pipelines has been developing and maintaining energy infrastructure, while handsomely rewarding shareholders.

Since 2000, TC Pipelines stock has provided shareholders with a compound annual growth rate of 9%, while delivering yearly dividend increases, which has brought the dividend per share from $0.80 to $3.

The stock has really outperformed since its lows of December 2018, which is really unlike such a “safe” stock. Nevertheless, it has soared 29% since then to 52-week highs of almost $62.

TC Pipelines has been negatively affected by the lack of pipeline growth in Canada and has had problems in the U.S., although recently the president has made efforts to get the Keystone XL pipeline approved and moving forward.

We can expect TRP stock to continue to be the steady performer for years to come, providing investors with a safe place to go to for dividend income and growth.

Enbridge (TSX:ENB)(NYSE:ENB)

Canada's energy transportation and distribution giant — with oil and gas assets and operations in North America and renewable assets in North America and Europe — also provides investors with stability, predictability, and dividend income.

It is also trading at 52-week highs, as the macro environment is more favourable for dividend-paying pipeline stocks.

Interest rates will not be rising any time soon and many stakeholders have had enough of pipeline delays and capacity constraints, so it looks like this will be improving.

Since 1996, investors have enjoyed 22 years of dividend increases, with a 33% dividend increase in 2015, a 14% increase in 2016, a 15% increase in 2017, and a 10% increase in 2018.

With a total of $16 billion worth of projects expected to come on stream in the next two years, Enbridge remains well set up for a continued stock price recovery.

Management expects the dividend to increase 10% next year and 5-7% thereafter.

Going forward, Enbridge will focus on being self-funded, meaning funding its projects through the use of internally generated cash flow, thereby reducing the financial risk of the company and eliminating the need to issue shares going forward.

CATEGORY

1. Dividend Stocks
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3. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:TRP (TC Energy Corporation)

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