



A Top Buy-and-Hold Stock for TFSA Investors

Description

There are many ways you can charge up your Tax-Free Savings Account (TFSA). You can invest in high-growth technology stocks to earn hefty capital gains, buy exchange-traded funds, or work with your financial advisor to explore other options.

But the most-efficient and less-risky way to build savings in your TFSA account, in my view, is to invest in the top-quality dividend stocks that you should hold in your portfolio for the long term. The companies that pay regular dividends and increase them gradually are ideal if your investing goals are to grow your savings for your retirement or create a passive-income stream.

With this theme in mind, here is a dividend-paying stock that you can consider stashing in your TFSA.

Telus

Canadian telecom stocks offer a [lucrative place for long-term investors](#) to build wealth over the long run. At some point last year, these dividend-paying stocks weren't attracting investors, as climbing bond yields diminished their investment appeal.

But with the central bank on the sideline for at least this year, their high dividend yields and growing payouts offer an attractive preposition. Among Canada's Big Three telecom companies, **Telus** ([TSX:T](#))([NYSE:TU](#)) is certainly a good option to consider if you have some space available in your TFSA.

In an earnings announcement on Thursday, Telus showed revenue from the wireless service in the first quarter increased by 1.4% to \$1.49 billion compared with a growth rate of 4% in the same period last year, as the company faced increasing competition in this business segment.

The operator's overall revenue for the first quarter increased by 3.8% to \$3.5 billion, which was in line with analyst expectations. Profit rose 6.1% to \$437-million, or \$0.71 a share. On an adjusted basis, the company earned \$0.75 a share, also meeting analyst forecasts.

The company also met expectations for adjusted EBITDA, which was up 8.6% at \$1.42 billion.

For TFSA investors, the most important detail to look for is the company's dividend increase. With the earnings announcement, Telus said it plans to hike its quarterly dividend to more than 3% to \$0.5625 a share.

The company also announced that it plans to hike its payout between 7% and 10% for the next three years. To keep profit growing and support that shareholder payout, the company is targeting higher-value subscribers and counting on keeping costs under control at its wireless division.

Bottom line

[Telus shares](#), at \$48.60, have jumped more than 7% this year. With an annual dividend yield of 4.42%, this stock is still attractive for long-term TFSA investors who want to build a solid stream of income.

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