3 Dividend Stocks to Hold in Your TFSA for 50 Years

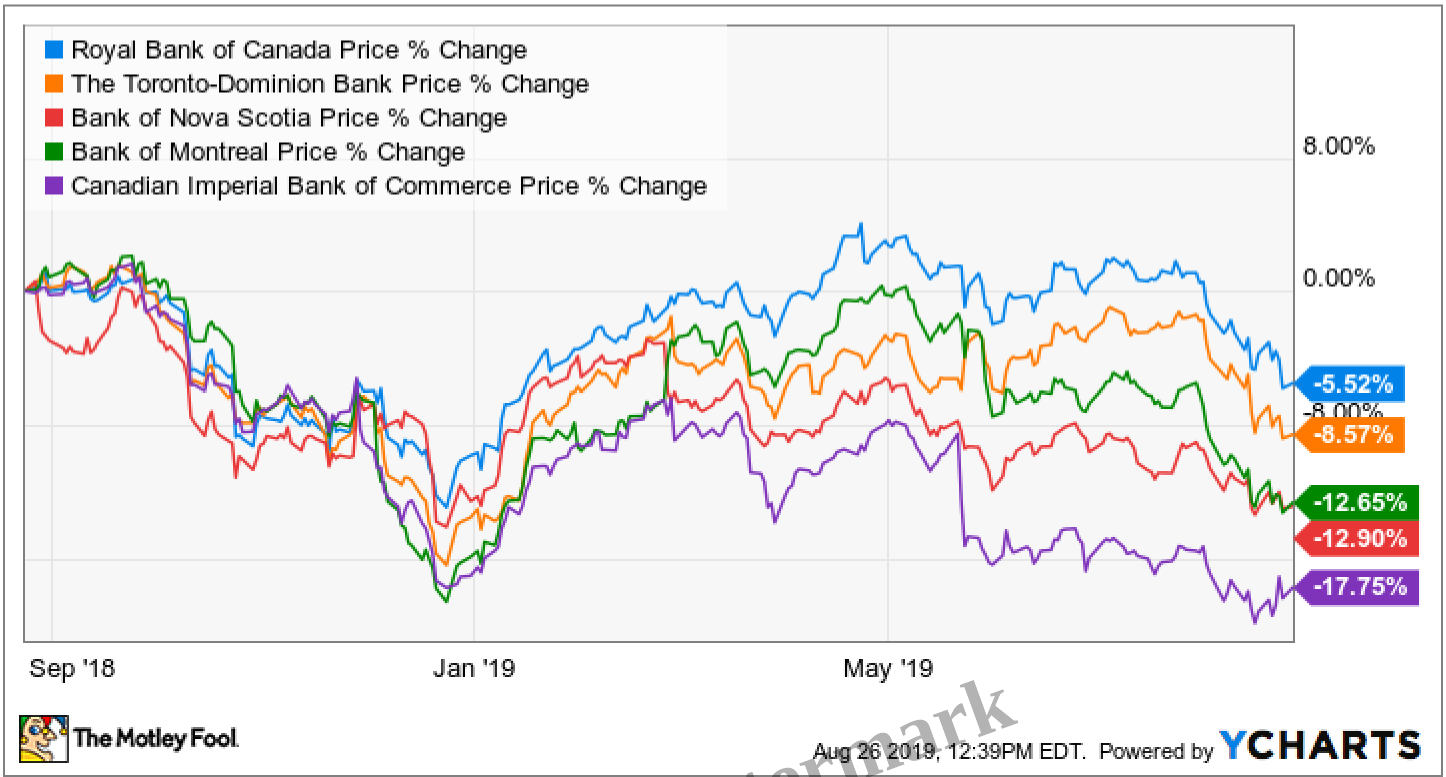
Description

No matter if you’re in the accumulation phase or close to retirement, the Tax-Free Savings Account (TFSA) is an incredible tool for long-term investment. It keeps money in your pocket from the taxman!

While in the accumulation phase, you can turbocharge your TFSA by reinvesting dividends you receive in the account instead of spending them. When you retire, you can make the switch to spend dividends received while not having to spend your principal.

Get big income from big banks

Bank of Nova Scotia (TSX:BNS)(NYSE:BNS) and **Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM) have underperformed the other big banks in the last 12 months.



RY data by YCharts.

A combination of lower share prices and [higher dividends](#) have lifted Scotiabank and CIBC's yields to be very juicy. They now offer safe yields of 5.1% and 5.7%, respectively.

In my opinion, the banks are much better options than GICs that offer fixed income because the undervalued stocks offer higher income as well as long-term price appreciation potential.

CIBC just reported its fiscal Q3 results last week. Although its earnings growth was lacklustre, its low payout ratio still allowed the stable bank to increase its dividend by 5.9% year over year.

Scotiabank will be reporting its fiscal Q3 results tomorrow. And according to its usual schedule, it will be increasing its dividend, making that forward yield even more appetizing!

Alimentation Couche-Tard

More than 60% of the TSX index is comprised of financials, energy, and materials stocks. Only about 4% is in consumer staples, which tend to be stable and have below-market volatility.

That’s why **Alimentation Couche-Tard** (TSX:ATD.B) is a rare find as a consumer staples stock. Since 1980, it has consolidated convenience stores with many locations having road transportation fuel dispensing that encourage repeat visits.

Today, Couche-Tard has a leading position in Canada, the United States, and certain parts of Europe, including Scandinavia and the Baltics. Most importantly, management has demonstrated an incredible track record in capital allocation — making strategic acquisitions, deleveraging, generating strong free cash flow, and growing its dividend at a high pace.

Over the last 15 years, it has made about 60 deals and integrated more than 10,000 stores. In the period, its free cash flow per share increased by more than sixfold, while its dividend has increased by 25-fold since it was initiated in fiscal 2006.

So, if you’d generated $1,000 of dividends from the stock in 2006, and you didn’t add to your position, you’d generate $25,000 of dividends today! Couche-Tard still sees expansion opportunities in the United States and Asia. And it’s still increasing its dividend at a high rate. Its five-year dividend-growth rate is close to 30%, while it last hiked its dividend by 25% in March.

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1. Bank Stocks
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TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:CM (Canadian Imperial Bank of Commerce)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:CM (Canadian Imperial Bank of Commerce)

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