# Forget Cash: Hold These 2 Dividend Beasts in Your TFSA

### Description

An August study released by Statistics Canada revealed that more than 40% of Canadian families now possess a tax-free savings account. This is encouraging, as the mass adoption of the account had been slow going since its inception in 2009. Less encouraging is how TFSAs are currently being utilized.



The report also revealed that 42% of TFSA-holders primarily hold cash. In previous articles I'd discussed strategies that Canadians can pursue for their TFSA. Even conservative investors should look to take advantage of the tax-free compounding afforded by this account.

Holding cash removes the biggest benefit of this investment vehicle. Some may pursue a high-interest savings account, but even the interest earned in these accounts is small and rarely keeps up with inflation.

Investors holding cash may be risk-averse, so today we'll look at two dependable equities that offer big dividend payouts. These can be fantastic holds in a TFSA, as investors can gobble up steady tax-free income over a long period while also feasting on tax-free capital gains.

## Canadian Imperial Bank of Commerce

**Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM) stock has climbed 3.9% in 2019 so far. The bank posted a solid third quarter in late August as profit rose 2% year over year to $1.4 billion.

Its Canadian personal and small business segment reported strong growth in the quarter as the broader domestic economy has looked healthier moving into the fall.

I'd recommended CIBC stock as a discount buy before its earnings release. Why is it attractive to newcomers? Similar to its peers, CIBC has never missed a dividend payment since it implemented one  in the 19th century. It has achieved dividend growth for eight consecutive years. In the third quarter, CIBC hiked its quarterly dividend to $1.44 per share, presenting an attractive 5.6% yield.

Shares of CIBC even offer favourable value with a price-to-earnings ratio of 9 and a price-to-book of 1.3.

## Enbridge

**Enbridge** (TSX:ENB)(NYSE:ENB) stock has increased 10% in 2019 even though it has faced headwinds in the energy sector. Its earnings have been promising of late, and in the second quarter it reported adjusted earnings of $1.35 billion or $0.67 per share compared to $1.09 billion, or $0.65 per share in the prior year.

The company is attractive to conservative investors because of its wide economic moat, deep project pipeline, and its long history of dividend growth. Enbridge has hiked its dividend for 23 consecutive years.

It last increased its quarterly payout to $0.738 per share, which represents a tasty 6.6% yield. Enbridge is aiming for a dividend increase between 8-10% in 2021, but this trend may be adjusted lower as we move into the next decade. In any case, Enbridge still offers an attractive yield.

Shares of Enbridge boast a P/E ratio of 15.9 and a P/B of 1.4, both in favourable territory.



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1. Dividend Stocks
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