



2 Top Dividend Stocks for TFSA Income Investors

Description

The Tax-Free Savings Account (TFSA) can be used to meet a variety of savings goals.

One popular strategy employed by income investors is to use the TFSA to hold high-quality [dividend stocks](#). The distributions are not taxed, so you can put the full amount straight into your pocket. In addition, seniors who collect OAS don't have to worry about the earnings being counted towards the clawback threshold, as they would if paid from a taxable trading account.

Let's take a look two stocks that might interesting picks today for your TFSA [buy list](#).

Bank of Nova Scotia

Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#)) has just under 100,000 employees, more than 25 million customers, and \$1 trillion in assets.

The company gets the majority of its revenue and income from its Canadian operations, but Bank of Nova Scotia is also betting big on international growth opportunities, primarily located in Latin America.

In the past decade, management has invested billions of dollars to buy banks in Mexico, Peru, Chile, and Colombia. These four countries make up the Pacific Alliance trade bloc, which was set up to create a unified market of more than 230 million people where goods, capital, and labour move freely.

Bank of Nova Scotia is also investing at home, with recent deals centred on the wealth management sector. The bank purchased MD Financial and Jarislowsky Fraser in 2018 to boost the wealth management business. As a result of the push to grow the segment, the bank announced the creation of a new business unit focused on global wealth management, spinning the activities out from the Canadian banking unit.

Bank of Nova Scotia reported solid fiscal Q3 2019 results. Adjusted net income increased 9% to \$2.46 billion compared to the same quarter the previous year. Return on equity remains healthy at 14.3% and the bank is well capitalized with a CET1 ratio of 11.2%.

Canadian banking adjusted net income increased 3%, while international banking delivered a 14% jump compared to Q3 2018. The international operations account for roughly a third of the company's net profits.

Bank of Nova Scotia raised its dividend when it reported the Q3 2019 results. The current quarterly payout of \$0.90 per share provides a yield of 4.9%.

Telus

Telus ([TSX:T](#))([NYSE:TU](#)) is a leading player in the Canadian communications industry.

The company delivers internet, TV, and mobile services to consumer and business clients across the country. Telus is investing heavily in network upgrades and new fibre optic connections give customers the high-speed broadband needed to meet growing demand for content across streaming services.

Telus also puts significant effort into its client care operations, with a strong focus on customer service. The results are evident in the numbers, as Telus regularly reports the lowest postpaid mobile churn rates in the industry.

The communications companies are constantly searching for new products to sell to their existing customers. Security is an obvious one, and Telus is increasing its capability in that segment with the recently announced deal to buy ADT's Canadian operations for about \$700 million.

Telus has a strong track record of raising the dividend and says it remains on track to boost the payout by 8-10% per year through 2021. Additional revenue from the security division could help push that toward the top end of the range.

The current dividend provides a yield of 4.8%.

Telus is a good stock to own when investors are concerned about geopolitical or trade threats to the global economy. The chaos outside Canada should have limited impact on the company's operations and financial results.

The bottom line

Bank of Nova Scotia and Telus are top-quality companies with growing dividends supported by rising income. If you are searching for reliable stocks for a TFSA income portfolio, these companies deserve to be on your radar.

CATEGORY

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2. NYSE:TU (TELUS)
3. TSX:BNS (Bank Of Nova Scotia)
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