



Forget Cash! Hold These 2 Dividend Stocks in Your TFSA Instead

Description

Even though the TFSA accounts have now been around for 10 years, many investors fail to realize their potential fully. If you have a TFSA, and you are only using it as a savings account by stashing cash in it, consider holding dividend stocks instead.

The best dividend stocks are the ones that keep increasing their dividend payouts for many consecutive years. These stocks promise a stable investment portfolio, along with a decent payout, since only well-established and well-run businesses can afford to keep paying increased dividends to investors through tough financial times.

Simply holding cash in your TFSA is not fully reaping the rewards this account can offer. Of course, day trading of stocks is a precarious option with TFSA, but holding dividend stocks is safe and yields much better returns than cash savings.

TFSAs have a yearly contribution limit. If you have been eligible for a TFSA since its start in 2009, you now have a contribution limit of \$63,500. This limit will increase by about \$6,000 next year. It means that even with the best interest rates, you will not be saving up a lot of money by treating the TFSA as just a savings account.

But if you hold dividend stocks like **BCE** ([TSX:BCE](#))([NYSE:BCE](#)) and **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) in your TFSA, you will get much more out of it than any other savings account.

BCE

One of the largest telecommunications companies in the country, BCE is also a [Dividend Aristocrat](#). The company has been paying increasing dividends for 10 years and has increased its market value to 20% more than what it was last year.

With the current market value of \$64.55 per share, the stock value is steadily increasing. This value means that at the dividend yield of 4.91%, you will not only have a decent payout, but you may also earn a significant sum from capital gains.

If you hold BCE stock in your TFSA, none of this will be taxed, and you can grow your investment over time.

TC Energy

Another Dividend Aristocrat you might want to hold in your TFSA is TC Energy: a stable energy company that increased the dividends paid to investors for 15 consecutive years. The company's market value grew by about 23.3%.

The current dividend yield is about 4.43%, and the current market value is \$68.59 per share. The company is a low-risk, [high-yield stock](#), while steadily growing. Even though the energy sector has been shaky, TC Energy has paid its investors handsomely and consistently.

Foolish takeaway

To put things in perspective, let's consider that you invested \$50,000 in either of the companies. The quarterly dividends would pay you about \$2,900. If you had placed that \$50,000 in cash, in a TFSA, you would have received about \$1,375 at the best interest rates.

Unlike other volatile stocks, consistent dividend stocks are safe, long-term investments. This Fool believes that holding dividend stocks in your TFSA is much better than saving cash.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:TRP (Tc Energy)
3. TSX:BCE (BCE Inc.)
4. TSX:TRP (TC Energy Corporation)

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