



2 Rock-Solid Dividend Stocks for Your TFSA

Description

Canadian investors interested in expanding their retirement portfolios to include insurance stocks have two major options on the Toronto Stock Exchange: **Sun Life Financial** ([TSX:SLF](#))([NYSE:SLF](#)) and **iA Financial** ([TSX:IAG](#)).

Insurance is a safe industry with typically growing returns. On the TSX, especially, insurance stocks face [very little competition](#). The value of life insurance premiums in Canada represent a nearly \$60 billion market.

Sun Life Financial

This is a decent stock with a solid history of return. Sun Life Financial's stock price has soared by over 331% in the past 20 years for an average capital gain of 17% per year. A 17% average return over a 20-year period is great for aspiring Canadian retirees who want stocks with an excellent long-term price history.

In the past year, the share price on the stock has increased by 20% to a historical high of nearly \$60 per share. The substantial increase in price this past year alone is reason to believe that Canadian investors should still be cautious when increasing their holdings in this stock. The price may fall drastically, eroding any initial investment in the shares.

Sun Life Financial, like many insurance stocks, offers a great dividend of \$2.10 per year at a rate of 3.57% of the current share price at the time of writing. This is a great dividend, and the regular compensation reduces some of the risk of owning this stock.

As long as Canadian investors plan to hold Sun Life Financial for the long term, an increased stake in this stock is a fairly good bet.

iA Financial

iA Financial is even better than Sun Life Financial. This stock's price has performed even more profitably over the past 20 years than the more active Sun Life stock. It has taken off by over 660% in the past 20 years for an average capital gain of 30% per year. A 30% average return per year over a 20-year period means Canadian investors will be getting top returns for their investment.

Over the past 52 weeks, iA stock has surged 28.46% to a historical high of over \$61 per share. The price increase over the past year may be less risky than the price increase on Sun Life. iA stock has a price-to-earnings (P/E) ratio of only 11, while Sun Life has a P/E ratio of 14.18.

iA Financial issues a smaller dividend than Sun Life. iA Financial's dividend is \$1.80 per year at a rate of 2.93% of the current share price at the time of writing. Thus, the dividend on this stock is considerably lower than many other dividend stocks on the TSX like those in the banking industry.

iA Financial may be inexpensive when looking at the P/E ratio compared to its major competitor, Sun Life, but the dividend might not be quite enough to guard your portfolio against all the volatility in today's stock market.

Foolish takeaway

Volume is a great indication of liquidity. Sun Life is one of the most active insurance stocks on the TSX at an [average trading volume](#) of 1.4 million shares per day. High trading volume means there is plenty of demand if you need to sell your shares later.

By contrast, iA only trades about 117,233 million shares per day. Sometimes stocks with low trading volume still give shareholders price stability.

Canadian shareholders interested in purchasing shares of insurance stocks have great options in both Sun Life and iA Financial.

CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:IAG (iA Financial Corporation Inc.)
2. TSX:SLF (Sun Life Financial Inc.)

PARTNER-FEEDS

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