



TFSA Investors: 1 Dividend Stock to Buy and Hold Forever

Description

When you are building a nest egg with your TFSA, you need dependable stocks with good returns. If the stock has the potential of growing your capital gains too, then that's even better. One such stock is **iA Financial** ([TSX:IAG](#)).

Insurance companies are usually considered safe investments. Because of the nature of their businesses, insurance companies employ a relatively stable business model. Whether you are building your TFSA nest egg for your retirement or a significant expense sometime later in life, you'd rather have a smaller egg than a broken egg. That is where iA Financial comes in.

Small and big numbers

iA Financial has a market capitalization of \$6.63 billion. When you compare it to the giants in the life insurance industry, like **Manulife** (market cap: \$47.42 billion) or **Sun Life** (market cap: \$34.33 billion), the size of the company seems paltry. But the small magnitude doesn't mean that it's a lesser choice in any way.

The company's trailing 12-month revenue is \$13.57 billion, more than twice the company's market cap. The price-to-sales ratio of the company is 0.49, making it a desirable investment. Most other companies in the insurance business don't even come close to this number. The return on equity is also a decent 11.62%. At \$5.95, the earnings per share of the company are also much more than its competitors.

When it comes to dividends, iA Financial has a history of increasing payouts for six consecutive years. And even though the dividend yield is 3.95% at the time of writing, this is lower than the market average, but it's a decent number and is expected to climb steadily in the future.

Given the company's level of stability, trustworthy business, and steady growth, you may hold this stock forever. Not only you will receive a reliable dividend payout, but the company's growth will also significantly grow your capital gains.

iA Financial is currently trading at around \$61 per share. This value per share is a growth of more than 31% in the market value from the same time this year. This growth in the market value is significantly more than either of the industry giants. An even more impressive number is the company's growth since 2000, which is 577% — explosive growth if you compare it to 84% of S&P/TSX's growth in the same time frame.

A stable company

Though most life insurance companies are considered [safe stocks](#) by default, iA's management is known to take an even more conservative business approach than the rest of the market. This is in contrast to the diversity of the operations the company offers.

The company has over four million clients. The bulk of the company's revenue is generated locally under four segments: individual insurance, individual wealth management, group insurance, and group savings and retirements. As per last quarter, around 70% of the company's revenue was generated by individual segments. Another small portion is U.S. operations, which made up 4.7% of the last quarter's revenue.

Foolish takeaway

Safe investments are used to stabilize stock portfolios. Safe dividend stocks also keep [your TFSA growing](#). iA Financial provides the right combination of both, and it is also the type of investment that you can hold for decades. For a safe dividend stock, iA Financial should be on your radar.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:IAG (iA Financial Corporation Inc.)

PARTNER-FEEDS

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