2 Dividend Beasts to Keep Caged Inside Your TFSA

Description

According to a study conducted by Statistics Canada, over 40% of Canadian families have finally started to leverage the benefits that come with a Tax-Free Savings Account. The Canadian government introduced this account type in 2009 to encourage more Canadians to start saving more substantial amounts of money. While the adoption has been slow, an increasing number of Canadians are becoming more aware of TFSAs.

default watermark

The study by Statistics Canada also revealed that more than 40% of Canadians using TFSAs primarily hold cash in their accounts. I have been very vocal in the past about how you can take advantage of a TFSA by owning stocks. You can use your TFSA to accumulate substantial wealth if you can find a way to get the tax-free compounding this account type can offer you.

Holding reliable dividend-paying stocks can give you the most significant benefit of this investment vehicle, and keeping cash in the account takes it away. A lot of investors avoid using their TFSAs for stocks due to the risks involved with the TSX. To this end, I am going to discuss **Shaw Communications** (TSX:SJR.B)(NYSE:SJR) and **BCE** (TSX:BCE)(NYSE:BCE).

Operating in one of the world's best telecom industries, both of the stocks are dependable entities on the TSX. These two can be fantastic additions to diversify your cash-heavy TFSA portfolio.

Shaw Communications

Shaw Communications is not one of the Big Three companies in Canada's telecom industry. However, the company holds significant potential for shareholders. Shaw was a little late in adopting a wireless offering position in the Canadian telecom. Still, the company has created a shift in the landscape with Freedom Mobile's entry into the market.

The result of its move to wireless offerings is seeing an increasing number of consumers relying on Shaw Communications. As time passes, people are increasingly using more data. Canadians have alot to complain about high data costs. The drawback of having the best telecom sector in the world isthat it is also one of the most expensive ones.

Freedom Mobile has managed to scoop up 1.5 million subscribers for Shaw, despite the lack of a national service network. Shaw is currently building the network, meaning that it has plenty of room to grow. Infrastructure improvement means Shaw will slow down dividend growth. An attractive dividend of 4.59% is still handsome, offered monthly by Shaw means that slower dividend growth should not be a problem.

BCE

Formerly known as Bell Canada Enterprises, BCE is the largest from the three telecommunications companies in Canada. Its wireline and wireless infrastructure provide Canadians with mobile, internet, and TV services, unrivaled by providers around the world.

BCE even has its own media division catering to specialty channels, radio stations, streaming services, popular websites, and even a television network. The company continues to invest billions of dollars from its profits to bolster network upgrades. BCE is also maintaining a competitive edge among its peers through direct fibre-to-premises program where it provides a direct fibre cable running to businesses and homes.

default watermark

BCE recently took a dip due to weak quarterly earnings reports. The stock was oversold, and it is due to climb back up by a significant margin. At the time of writing, BCE has a juicy dividend yield of 5.1%, which investors can expect to grow further as the company grows.

Foolish takeaway

Risk-averse investors could consider these two stocks for their TFSAs. The companies belong to a dependable telecom industry that continues to perform well with time. As an investor with these two in your account, you can enjoy the capital gains over the years as well as steady tax-free income through their fantastic dividends.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:SJR (Shaw Communications Inc.)

3. TSX:BCE (BCE Inc.)
4. TSX:SJR.B (Shaw Communications)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Tags

1. Editor's Choice

Date
2025/09/01
Date Created
2019/11/13
Author
adamothman

default watermark

default watermark