3 Intriguing Stocks Yielding 4% Dividends for Your TFSA

Description

People that have long-term financial goals but would rather avoid emotional stress go for long-term dividends. However, the selection of dividend stocks is crucial. The companies should have the potential for long-term success. Otherwise, you're not assured of sustainable dividends.

National Bank of Canada (TSX:NA), **TC Energy**, and **Shaw** (TSX:SJR.B)(NYSE:SJR) are paying no less than 4% dividends. None are sector leaders, yet all are popular with TFSA users. The reason is dividend sustainability.

Dividend rock stars

Only the Big Five banks are often mentioned as dividend rock stars. The sixth-largest bank, National Bank of Canada, is one also. This $23.44 billion bank has been around since 1859 and deserves to be in your TFSA.

Compared to its peers, this bank stock offers a dividend of nearly 4%, which is also its average annual dividend for the last decade. The total return of 251.45% on a $10,000 investment made 10 years ago is decent. To further assess the sustainability of dividends, look into the payout ratios.

For National Bank, the ratio is 42%. The low payout ratio indicates a sustainable model. Earnings can adequately cover dividend payments while the bank retains 58% of profits for reinvestment in its core operations.

The bank stock is an intriguing long-term play as it enters a new phase of growth. Aside from international expanding, National Bank is creating a market niche in the small- and medium-sized enterprises.

Pride of North America

TC Energy is the third-largest energy conglomerate in Canada and has gained many loyal investors. If you want uninterrupted dividends with at least a 4.5% yield, don't delay holding TC Energy in your TFSA.

This $61.8 billion company has been in existence since 1951 and has operations in energy infrastructure and power generation. It boasts of a recession-resistant and utility-like business model. Over the last 20 years, TC's asset base has grown by 400%. Today, it is the most diversified midstream network in North America.

About 25% the gas used on the continent are transported through TC Energy's 60,500-mile network of oil and gas pipelines. Also, the company has 10 power plants generating six gigawatts of power, which makes it a regulated utility company as well.

Sector disruptor

Shaw is the fourth-biggest telecom company in Canada. This $13.9 billion connectivity company is as prolific as the Big Three in terms of providing wireline and wireless service. It also engages in a pricing war to shake up the market.

Last week, Shaw's disruptive Freedom Mobile made available the expanded version of the Freedom Home Internet. For as low as $55 per month, Freedom Mobile wireless customers will get to experience wired home internet with download speeds of up to 150 megabits per second and unlimited data.

Revenue-wise, Shaw is exhibiting an increasing trend since 2016. This year, the company is on track to hit $2.4 billion with a corresponding net income of $727 million.

Shaw pays a 4.41% dividend, although the payout ratio is at 83.45%. Usually, if the payout ratio is over 100%, the company is paying out more than what it's earning. The ratio requires monitoring, as it might creep higher to 100%.

Long-term dividends

The strategy of going long-term dividends is for TFSA users. National Bank of Canada, TC Energy, and Shaw are dividend stocks that cater to TFSA users.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
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2. TSX:NA (National Bank of Canada)
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