TFSA Investors: 3 Top Canadian Dividend Stocks to Buy Right Now

Description

Dividend income is a great way to grow your tax-free savings account (TFSA). The three dividend stocks below pay solid yields of more than 3% and are stable, long-term buys, making them great options to put into your TFSA for many years:

BCE Inc. (TSX:BCE)(NYSE:BCE) is currently paying investors a yield of around 5% per year. However, for investors who hold the stock over the long term, they're likely to earn even more, as BCE has a strong track record when it comes to increasing its dividend payments.

Five years ago, the stock was paying shareholders a quarterly dividend of $0.6175. Those payments have since risen to $0.7925 for an increase of 28%, which equates to an average compounded annual growth rate (CAGR) of 5.1%.

There's no guarantee that BCE will be able to continue increasing its dividend payments at that rate, but with strong profits and free cash flow, the dividend hikes aren't likely to stop anytime soon.

Over the past 12 months, the telecom stock has averaged a profit margin of 13%. During this time, the company has also generated free cash flow of $3.8 billion, well in excess of the $2.9 billion that it has paid out in dividends over the same period.

Suncor Energy Inc (TSX:SU)(NYSE:SU) is another top dividend stock on the **TSX**, and although its yield of 4% is lower than that of BCE, it too has provided its shareholders with rising dividend payments over the years.

The company's quarterly dividend payments have grown 50% over the past five years, from $0.28 to $0.42, which averages out to a much stronger CAGR of 8.4% than that of BCE.

Although things haven't exactly gone well in the oil and gas industry over the past five years, Suncor has managed to continue posting strong profits. In the trailing 12 months, it has netted just under $5 billion in net income and free cash flow has totalled $6.2 billion.

Stock repurchases are another way the company helps to maximize returns for its shareholders. In its most recent earnings release, the company stated, "We continue to demonstrate Suncor's ongoing commitment to shareholders by returning $1.4 billion in value through dividends and increased share repurchases."

Unfortunately, even with the repurchases, the stock has risen just 9% year to date, as the bearishness in the industry has kept energy stocks from seeing much growth this year.

Hydro One (TSX:H) doesn't have the same history of increasing dividend payments as the other stocks on this list, but it also hasn't been listed on the TSX for as long as the other stocks.

However, its 3.9% dividend yield could still be a very good source of income for investors, and it has hiked its payments multiple times over the past few years.

Although the company's net income and free cash flow haven't been nearly as strong or consistent as BCE or Suncor, Hydro One could be a much more stable buy over the long term.

The utility business generates a lot of recurring income, and with it being a key provider in Ontario, there's little reason for investors to be worried about Hydro One anytime soon.

Year to date, its share price has risen by more than 23%, providing investors with terrific returns through both dividend income and capital appreciation.

CATEGORY

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TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:H (Hydro One Limited)
5. TSX:SU (Suncor Energy Inc.)

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Date
2025/08/21
Date Created

2019/11/28
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