Christmas Shopping Broke the Bank? These 3 Dividend Stocks Could Make Life Easier Next Year

Description

Want to make Christmas shopping easier on yourself next year?

Then it pays to invest in dividend stocks — ideally, in an account that allows tax-free withdrawals, such as a TFSA.

When the holiday season comes around, it's easy to spend more than you had planned. In addition to gifts, there can often be expenses like travel, entertaining, and decorations — some of which you can't foresee ahead of time.

Unplanned Christmas spending isn't something you can control. The amount of income you have coming in, however, is. By holding dividend stocks in a TFSA, you can provide yourself with a steady stream of extra income to help offset the expenses you incur over the holidays. With that in mind, here are three quality Canadian dividend stocks that could provide enough income to fund next year's giving.

TD Bank

Toronto-Dominion Bank is one of Canada's biggest and fastest-growing banks. Thanks to its U.S. retail business, it's growing earnings at a rate that other Canadian banks can't match. This year, thanks to challenging macroeconomic conditions, the growth wasn't quite as frothy as in past years, with earnings only up 3% for the full year. However, the bank still outperformed many of its peers.

As a stock, TD has a lot going for it. It's fairly inexpensive, with a P/E ratio of around 12. It has a solid dividend yield and an average dividend-growth rate of about 9% a year. Finally, it has delivered solid historical returns to investors, outperforming its Big Six peers.

Enbridge

Enbridge is Canada's largest energy pipeline company, shipping crude oil and LNG all over North

America.

The company has been growing its earnings steadily over the years, having increased them from $250 million in 2015 to $2.8 billion in 2018. In its most recent quarter, it generated $3.1 billion in adjusted EBITDA.

With all that earnings growth comes the potential for dividend increases, so it should come as no surprise that ENB has been raising its payout consistently over the years. Over the last five years, the dividend has increased by 17% a year on average. That's a phenomenal dividend-growth rate, and one of the main reasons why, if you buy ENB today, you'll get a mighty yield (6.3% as of this writing).

Fortis

Fortis (TSX:FTS)(NYSE:FTS) is Canada's largest publicly traded utility, with 3.3 million customers across Canada, the U.S., and the Caribbean. The company has one of the longest dividend-growth streaks on the TSX, having raised its payout every year for 46 years straight. Fortis plans to keep up the streak, with 6% annual increases planned over the next five years.

Fortis is currently embarking on a $18.3 billion capital-expenditure program. The project will upgrade infrastructure and increase service area. Although these expenditures will add to Fortis's debt load considerably, they'll also increase its rate base.

Over the years, Fortis has proven itself to be one of the most reliable Dividend Aristocrats on the TSX. If you buy the stock now, you'll get a 3.5% yield and most likely watch your yield on cost grow over time. Overall, one of the best TSX dividend plays you can make.

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Date
2025/09/18
Date Created
2019/12/25
Author
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