



## TFSA Investors: 2 Dividend Aristocrats to Buy and Hold Forever

### Description

We are fortunate to live in Canada, where companies in many sectors, like banks and utilities, pay an average yield at or above 4%. That's much higher than even the best payout from a high-interest savings account or government bond. Yet many Canadians hold low-interest-paying investments in their Tax-Free Savings Accounts (TFSAs).

These investors are missing the boat by not taking advantage of the TFSA's greatest benefit: all of the money, including dividends and capital gains, grows tax free. This benefit makes a TFSA the perfect investment vehicle to hold Dividend Aristocrats — companies that not only pay dividends consistently but continuously increase the size of the payouts to shareholders.

Here are two excellent choices for your TFSA — one from the banking sector and one from the utility sector.

### Utility with the longest dividend streak

**Canadian Utilities** ([TSX:CU](#)) boasts the [longest streak of continuous dividend increases](#): 46 years! This means that the company, which was incorporated in 1927, has been increasing its dividend for half of its years in business.

The company's five-year dividend CAGR is approximately 10%! Currently, the dividend is 4.28%.

The Calgary-based company and its subsidiaries operate in the electricity, pipelines and liquids, and retail energy businesses worldwide. Canadian Utilities provides electricity generation, transmission, and distribution in Alberta, Ontario, the Yukon, and the Northwest Territories as well as in Australia and Mexico. The company's assets also include industrial water services, real estate properties, and port terminals.

Canadian Utilities has a market cap of \$11.3 billion. The business is highly regulated, so the company offers some capital protection, since the low-risk nature of the business makes it resistant to downward pressure during a recession.

## This bank has paid almost two centuries of dividends

**Scotiabank** ([TSX:BNS](#))([NYSE:BNS](#)) is a Canadian Dividend Aristocrat, paying dividends every year since its foundation in 1832! Over the past five years, the bank has produced a dividend-growth rate of 6.5% CAGR.

Currently, the bank pays a dividend of 4.86%. With an approximate payout ratio of 55%, this percentage is close to the bank's target payout range of 40-50%.

The company does business in South America, the U.S., the Caribbean, and in parts of Europe, Asia, and Australia. Scotiabank's Canadian business, where it serves over 10 million customers through a network of 950 branches and more than 3,650 automated banking machines, produced 55% of its 2019 earnings. Internationally, the bank serves over 11 million customers in retail and corporate operations through more than 1,900 branches and well-established franchises.

Scotiabank is often called "[The International Bank](#)" because of its large global footprint, especially in Latin America. This region struggled in 2019, but it is expected to see improved economic activity over the next two years. Although the bank projected that its domestic operations would contribute a greater proportion of revenue and net earnings in the 2020 fiscal year, the bank's global operations continue to be its powerhouse.

## The bottom line

A TFSA is not the place to hold investments that produce very little in dividends or have limited growth opportunities. However, a TFSA is a perfect place to buy and hold Dividend Aristocrats. These companies pay great dividends, have long track records of dividend increases, and can produce income that could last throughout your lifetime.

### CATEGORY

1. Bank Stocks
2. Investing

### POST TAG

1. Editor's Choice

### TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. TSX:BNS (Bank Of Nova Scotia)
3. TSX:CU (Canadian Utilities Limited)

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