TFSA Investors: 3 Stocks That Can Make You Rich

Description

If you're looking to accumulate cash and get rich, dividend stocks offer a good way to do that. And inside a Tax-Free Savings Account (TFSA), income earned on eligible investments is also tax-free, meaning you'll need to earn less than if you were to accumulate the income outside the account. The three stocks below are great options for TFSA investors, as they're safe, reliable, and can produce dividend income that you can count on for many years.

Bank of Nova Scotia (TSX:BNS)(NYSE:BNS) is one of the higher-yielding bank stocks that you can invest in on the TSX. With a dividend yield of 4.8%, Scotiabank offers a solid quarterly payout that will grow over the years as well. In four years, its quarterly dividend payments have grown from $0.72 to $0.90, averaging a compounded annual growth rate (CAGR) of 5.7%. In its most recent rate hike, Scotiabank increased its payments from $0.87 to $0.90 — an increase of 3.4%.

While it's not a terribly high increase, it's still higher than the rate of inflation. With a yield of around 4.8%, it's already a fairly significant dividend. A $20,000 investment would already earn you nearly $1,000 in dividend income per year.

For its dividend and stability, Scotiabank makes for a terrific stock to hold for many years, as you'll earn not just the dividend income, but you'll also benefit from its rising share price as well. In five years, shares of Scotiabank have risen by 12%.

Canadian Utilities (TSX:CU) is another safe buy to add to your portfolio. The utility provider has operations across Canada, Australia, and Mexico. With lots of diversification and opportunities to grow, Canadian Utilities is a stock that could get a lot bigger from its current market cap of $11.5 billion.

Its dividend yield of 4.2% is noticeably smaller than Scotiabank's, but its rate of increase has been much more significant. Its quarterly payments of $0.4354 were recently increased by 3% from the $0.4227 that the company was paying in 2019. Five years ago, the company was paying just $0.295 per share. Dividend payments have increased by 48% during that time, averaging a CAGR of 8.1%.

Although the recent increase suggests the rate hikes may be slowing down, with a lower yield than Scotiabank, there may be a bit more room for Canadian Utilities to make a bigger increase down the road should its results warrant it.

Suncor Energy (TSX:SU)(NYSE:SU) is another strong dividend that you can diversify your portfolio with. The energy stock pays investors a dividend yield of 4.7%, and it has the most impressive rate of increase on this list. Its quarterly payments have grown over five years from $0.28 to $0.465 for an increase of 66% and a CAGR of 10.7%.

And unlike the other two stocks on this list, its recent rate hikes show that the company is still increasing its payouts at a high rate. The company's dividend of $0.465 was recently bumped up from $0.42, the same 10.7% increase that the company has averaged in recent years. And with Suncor generating close to $4.9 billion in free cash flow over the past four quarters, the company still has a lot of room to continue increasing its dividend payments, which totaled just $2.6 billion during that time.

Despite its exposure to oil and gas, Suncor makes for a relatively safe long-term buy with the opportunity for investors to earn some significant dividend income along the way.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:CU (Canadian Utilities Limited)
5. TSX:SU (Suncor Energy Inc.)

PARTNER-FEEDS

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

Category

1. Dividend Stocks
2. Investing

Date
2025/07/06
Date Created
2020/02/22
Author
djagielski