



2 Top Dividend Stocks I'm Buying With My TFSA

Description

Tax-Free Savings Accounts (TFSA) remain one of the best options to create long-term wealth, as it creates a corpus without any tax liability. One can use it to buy stocks with strong total return potential, which includes dividends and stock appreciation both.

Over a longer period, TFSA is tax-free for the life of the investment and more important, at the time of withdrawal as well.

Both the below stocks will give your portfolio a defensive tilt. As warranted by the current situation, dividend stocks could provide an effective hedge to your portfolio while generating a regular passive income.

Once markets settle over ongoing uncertainties, these stocks could again begin their upward climb. Thus, TFSA investors could make the most of this investment opportunity, as their total return will be tax-exempt even at withdrawal.

AltaGas

The midstream and regulated utility company **AltaGas** ([TSX:ALA](#)) stock has fallen more than 20% in the last couple of weeks. The recent fall has made it look even more attractive from the valuation standpoint.

AltaGas's utilities segment serves more than 1.6 million customers. While the utility segment accounts for approximately half of its total earnings, the power segment generates a smaller portion. Thus, higher exposure to regulated utility operations makes its earnings as well as dividends secure.

Even in case of an economic shock, AltaGas's earnings will likely remain stable because of its non-cyclical nature of business. Thus, its shareholders might continue to benefit from stable dividends over the long term.

Long-term investors should look for stable businesses amid this horrible market downturn. AltaGas is

one such stock, which is available at a large discount, maintaining its stable business profile intact.

[AltaGas stock](#) offers a dividend yield of 4.6%, which is notably higher than the equities at large. It cut dividends in 2018 to fund lucrative growth investments. The company likely won't cut its dividends in the near future and will continue to fairly compensate investors.

AltaGas stock has tumbled almost 20% in the last three trading sessions, pushing it in the oversold zone. Buyers could come rushing in the short term. Thus, the recent fall makes it an attractive buying opportunity for long-term investors.

Telus

Telecom giant **Telus** ([TSX:T](#))([NYSE:TU](#)) stock offers a dividend yield of 4.7%. Again, the primary basis for investors to consider Telus stock is its recent fall. The stock fell more than 17% in the last couple of weeks, making it attractive from the valuation perspective.

The jitters caused by coronavirus outbreak and a recent oil price plunge will have a limited or no impact on Telus's operations. Thus, the company will continue to maintain its earnings and dividend growth in the years to come.

It continues to look attractive from the operations perspective as well. Its strong customer additions and low churn rate facilitated secure revenues and earnings for the last several quarters.

Additionally, 5G is just around the corner. It's expected to transform the telecom industry altogether while also opening several growth opportunities.

Its stable earnings profile makes it [an attractive bet for long-term investors](#). Although it will not double your money overnight, it will generate a huge retirement corpus in the long term.

CATEGORY

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2. Investing

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1. NYSE:TU (TELUS)
2. TSX:ALA (AltaGas Ltd.)
3. TSX:T (TELUS)

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