Have $5,000 in Your TFSA? Buy These 2 Stocks and Never Sell

Description

What if you have just $5,000 to invest in your Tax-Free Savings Account (TFSA) and you want to buy stocks?

Young investors who don't have much to save for their future should invest in stocks that have big competitive moats, growing free cash flows, and sticky services.

By investing in these stocks through your TFSA, you can grow your portfolio slowly and earn a decent return on your investments without paying taxes. If you're one of those investors, then I have two solid dividend stocks that you can buy now and keep in your TFSA over the long run.

Royal Bank of Canada

Canadian banks have been a trusted source for earning a steadily growing stream of income. They fit perfectly in a low-risk investing style due to their balance sheet strength and their careful lending practices.

If you also want to benefit from their success story, then buying **Royal Bank of Canada** (TSX:RY)(NYSE:RY) stock is a good idea. RBC is Canada's largest lender with a robust presence in the U.S.

It is one of Canada's most diversified banks, including worldwide operations in asset management and capital markets and ownership of Los Angeles-based commercial and private lender City National Bank. That diversification has been a major plus for RBC to provide stability to its income.

For long-term investors, one- or two-years' bad performance doesn't matter much. They want to buy top dividend stocks that can continue paying steadily growing income and generate returns that consistently beat the markets over the long run.

Royal Bank is one of the top dividend payers that has been growing payouts regularly. The lender has paid distributions to shareholders every year since 1870 with a strong track record of dividend growth.

Trading at $92.60, RBC stock is a solid bet for young investors. The stock currently yields 4.7% and pays a $1.08 quarterly dividend.

BCE

Just like RBC, Canada's largest telecom operator **BCE** (TSX:BCE)(NYSE:BCE) is another reliable stock to buy for your TFSA. When you pick a forever stock, one of the most important factors you should consider is the durability of its cash flows in both good and bad times.

When economic growth slows down or a recession hits the economy, high-growth cyclical stocks usually underperform. But in such an environment, utilities perform better, because it's unlikely that their business will suffer in a big way. Cutting internet connections is probably the last item on someone's cost-cutting list, no matter how bad the economy is.

Keeping this context in mind, I find BCE is well positioned to produce income in this pandemic-hit economy when returns are hard to come by.

Over the past decade, the operator has doubled its dividend while showing strong growth in its earnings. Trading at $57.08 and with an annual dividend yield of 5.75%, BCE is a solid pick for your TFSA.

Bottom line

Stocks like RBC and BCE are unlikely to provide double-digit growth each year, but they are relatively safe dividend stocks that will grow your $5,000 slowly. If you like this investing approach, then these two names are a good match for you.

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