TFSA Investing: 2 Stocks With Stable Dividends

Description

Even in a volatile market, long-term Tax-Free Savings Account (TFSA) investing is still attractive. This is because short-term price swings aren't overly important over the long run. Plus, these price dips create long-term buying opportunities.

Moreover, when combining the power of compounding with the tax savings of a TFSA, the earlier you can start the better in general.

Now, during these tough market conditions, it's important to be prudent with TFSA investment selections. While TFSA investing has many advantages, there are some things to be careful of.

Namely, the TFSA's contribution cap is something to keep in mind. You can only add so many dollars per year to TFSAs in your name.

Now, when you realize a loss in a TFSA, you don't get that contribution room back. It's simply gone forever and you've hindered the long-term earning potential of the TFSA.

Thus, stable blue-chip stocks that pay reliable dividends are great options for TFSA investing. Taking extra chances and putting that valuable contribution room at risk isn't ideal for the long run.

Today, we'll look at two such **TSX** stocks that are good bets to perform well and safely pay their dividends.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) is an electric utility holding company with a diverse range of international operations.

It's long been a favourite among dividend investors as it has increased its dividend every year for the last 44 years.

Fortis is one of the most stable blue-chip dividend stocks around, highlighted by a beta of 0.05. Even during these tough economic times, the stock has kept its dividend up and easily has the means to continue doing so with a payout ratio of 49.73%.

Fortis is perfect for TFSA investing because its revenue is so reliable and predictable. This is due to the fact the majority of its business is done through regulated contracts.

As such, its cash flow streams are safe and secure. With poor results few and far between and a yield of 3.63% as of this writing, Fortis is a solid TFSA investing pick.

Canadian Utilities

Canadian Utilities (TSX:CU) is a massive Canadian energy distribution company, operating through various subsidiaries and divisions. Like Fortis, it generates a massive portion of its revenue from regulated contracts and agreements.

This TFSA investing stock has a phenomenal track record when it comes to its dividend. In fact, it has increased its dividend every year since 1972.

With a payout ratio of 56.22%, it seems unlikely the dividend would be taking a cut even in these tough economic times.

With one of the best dividend streaks around and a generally very stable business, this stock is a great pick for TFSA investing.

As of this writing, CU is yielding 5.2%. This makes for great long-term return potential without copious amounts of risk. With a beta of 0.55, CU isn't quite as resilient to the market as Fortis, but the extra yield might make up for it to some investors.

TFSA investing strategy

Both these TSX giants offer investors extremely reliable dividend payments. They're perfect for a TFSA investing plan because they won't be putting your precious contribution room at a high risk level.

If you're looking to add to a TFSA investing strategy, be sure to give these two gems strong consideration.

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2. TSX:CU (Canadian Utilities Limited)

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