TFSA Investing: 2 Dividend Superstars to Watch

Description

When considering stocks suitable for Tax-Free Savings Account (TFSA) investing, a strong and reliable dividend is one of the most important traits. This is especially true for long investment horizons, where the power of compounding and tax savings help dividend stocks shine.

Given that investors have limited TFSA contribution room, taking a safer long-term approach is a prudent move. Taking too many risks in a TFSA can be very detrimental, as once a loss is realized that initial contribution room is gone for good.

As such, dependable stocks with proven track records for stability and dividend growth are ideal for TFSA investing. Today, we'll look at two such **TSX** blue-chip stocks.

TD Bank

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) is one of Canada's largest banks and offers a multitude of financial services and products to its customers.

TD has long been a hallmark for dividend reliability and growth over the years. In fact, TD has been consistently paying a dividend to investors since 1857. That means through all the ups and downs of the economy since then, TD has stuck by its approach to deliver solid dividends to its investors.

Now, the economy today is certainly presenting unique challenges to all types of businesses, and TD is no exception. Revenue growth has slowed this year and the stock is down nearly 14% year to date as of this writing.

However, this TFSA investing star has shown time and time again that its a resilient stock, and it easily has strong enough financials to weather this storm — not to mention that it has access to tons of support and liquidity, if need be.

Plus, while TD's strong presence in the U.S., it might create some uncertainty in the short run — ahuge source of potential revenue going forward.

Of course, there could be more hiccups on the way in the short run, especially with cases spiking once more in Canada. However, those focused on long-term TFSA investing should be more than comfortable picking up shares of TD, which has a 4.98% yield as of this writing.

Telus

Telus (TSX:T)(NYSE:TU) is a massive Canadian telecommunications company. It offers a diverse set of products and services, including internet, TV, mobile phone, and even healthcare.

As with TD and practically every other blue-chip TSX stock, Telus has had a rough 2020 so far. However, its most recent earnings report indicated that year-over-year quarterly revenue growth is already positive.

Telus has long been a great example of a blue-chip stock offering steadily growing dividends. Over time, it has remained committed to providing investors with great yields.

As of this writing, this TFSA investing giant is yielding 4.87%. This exceeds the five-year average yield, but only by a small margin. It's also important to note that Telus' payout ratio is quite high as it comes in at 98.72%.

However, these short-term issues should subside and so Telus is still a good long-term TFSA investing play. With more focus on its digital healthcare division and the advent of 5G in Canada, there's lots to be positive about when it comes to Telus.

TFSA investing strategy

When it comes to TFSA investing, both TD and Telus offer investors solid and reliable yields. These stocks are poised to deliver great results over a long enough investment horizon.

Of course, things could still get worse before they get better but investors with their eyes set years down the road should be keeping tabs on these TSX superstars.

CATEGORY

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2. Dividend Stocks

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2. NYSE:TU (TELUS)
3. TSX:T (TELUS)
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