TFSA Investing: 3 TSX Stars to Bank On

Description

When it comes to long-term TFSA investing, stocks with reliable and growing dividends are highly desirable. Over time, these stocks can produce great results within a TFSA when accounting for compounding and tax savings.

In general, a more consistent long-term approach is preferable to riskier short-term trading for TFSA investing. This is partly because TFSA contribution room is not restored when a loss is realized.

Since TFSA contribution room is finite and so valuable, losing a portion of it to a big loss significantly reduces the long-term gaining potential of the account.

Instead, investors should let blue-chip stocks do the heavy lifting in a TFSA and collect great dividends over time.

Today, we'll look at three TSX stocks that can be relied upon for solid long-term gains in a TFSA.

Manulife

Manulife Financial (TSX:MFC)(NYSE:MFC) is a large Canadian financial services and insurance provider. It has a strong presence not only in Canada but in the U.S. and Asia as well.

Like with most stocks, this TFSA investing stock has been hit hard this year. It opened the year trading at $26.70 and currently trades for $18.66 as of this writing.

Despite this, MFC has actually been able to recover somewhat swiftly. Year-over-year quarterly revenue growth comes in at 24.2%, and even with an elevated dividend of 6.01%, the payout ratio still sits at 54.08%.

This means that investors should be comfortable with Manulife's resiliency for the long term, evengiven the current economic climate. A reliable yield exceeding 6% is also nothing to sneeze at forTFSA investing.

While Manulife has long been a solid choice for long-term investing, some investors might prefer to go with the bigger financial services stocks.

RBC

Royal Bank of Canada (TSX:RY)(NYSE:RY) is Canada's largest bank by market cap and offers fantastic stability for TFSA investing.

RY has long been a hallmark for reliable and growing dividends when it comes to TSX stocks. This stock started paying dividends in 1870 and hasn't missed a payment since.

For much of that time, RY has been increasing its dividend so it can consistently offer investors great long-term value. As of this writing, the stock is trading at $97.36 and yielding 4.44%.

While it might not be the most eye-popping yield around, it's still attached to one of the most stable stocks for TFSA investing. Over the long term, investors should have no concerns over RY's growth potential.

TFSA investing pick: Scotiabank

Bank of Nova Scotia (TSX:BNS)(NYSE:BNS) is another large Canadian banking and financial services provider. It's the third-largest Canadian bank by market cap and offers a wide range of products to its customers.

This TFSA investing star also has a great track record when it comes to its dividend, as BNS has paid a dividend consistently since 1833.

Scotiabank also has great prospects for growth in the future, as it has maintained a sharp focus on international expansion and growth.

With Scotiabank, you can get the best of both worlds in that it has the reliability and staying power that comes with being a major Canadian bank, but it also offers a 6.44% yield as of this writing.

For long-term TFSA investing, this massive yield can do wonders when compounded over time.

TFSA investing strategy

If you're looking to add to a TFSA investing plan, any of these three stocks can be great choices for the long run. Despite the tough economy of present, these stocks have the resiliency required to deliver solid long-term results for investors.

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2. NYSE:MFC (Manulife Financial Corporation)
3. NYSE:RY (Royal Bank of Canada)
4. TSX:BNS (Bank Of Nova Scotia)
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