TFSA Investors: 2 Dividend Kings to Watch

Description

If you're a TFSA investor with extra cash to invest, picking up some dividend-paying stocks could be ideal. Over time, these blue-chip stocks tend to deliver great total returns.

That is, with the power of compounding, tax savings, and dividend re-investment on your side, these stocks can flourish. However, it's important to choose the right dividend-paying stocks and not just chase after high yields.

After all, a high yield is useless to a TFSA investor if it's due to be cut or is drying up. The right stocks are those that have a clear path for both share price and dividend growth.

Today, we'll look at two such dividend kings that investors should keep an eye on.

TD Bank

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) is a major Canadian bank stock with a long history of providing value to investors. Its robust collection of cash flow streams and avenues help it achieve this goal.

In terms of paying the dividend itself, TD has one of the best track records in Canada. It's paid a dividend every single year since 1857.

That should be music to the ears of TFSA investors that value consistent and reliable growth. TD is clearly strongly committed to rewarding its investors over time.

Now, like most stocks, this stock has had a bit of a rough ride in 2020. We're not out of the woods yet, either, but there isn't cause for concern for long-term TFSA investors.

Nothing that TD has reported should be overly shocking or detrimental to the long-term growth plan. If you're looking to pick up shares to hold onto for years to come, you should be relatively comfortable with TD.

As of this writing, the stock is trading at $60.30 and yielding 5.24%. It's not often that TFSA investors can lock in a yield in excess of 5% with a stock like TD, so this should be enticing.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) is another stalwart of Canadian dividend stocks. It has a truly stable and predictable revenue structure and as such is a great defensive pick.

TFSA investors looking to latch onto a stable stock could be interested in Fortis. This utility company operates mostly on regulated contracts, and as such, its cash flows are quite safe.

Fortis is also quite resilient to market forces, as it sports a beta of 0.06. In plain language, that means it typically doesn't follow the movements of the market.

Of course, stability and reliability come at a cost. In this case, it's the fact that the yield is 3.77%. While that's still a solid dividend, some TFSA investors might opt for the various other blue-chip stocks paying yields in excess of 5%.

Even still, Fortis is a viable choice for investors seeking extra stability without sacrificing too much in the way of a yield.

TFSA investor strategy

TFSA investors looking to add some long-term stability can look to TD and Fortis. These Dividend Aristocrats offer investors a lot of value in the long run with the reliability of their dividends.

Investors with extra cash on hand and an eye for the long run should be keeping tabs on these TSX giants.

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