TFSA Investors: Bank on These TSX Superstars

Description

For long-term investing, the Tax-Free Savings Account (TFSA) is one of the most powerful tools available to Canadians. TFSA investors enjoy completely tax-free growth, which puts a lot of money in their pockets over time.

Now, various strategies can be deployed successfully when investing in a TFSA. For those with a long-term outlook, finding strong dividend growth stocks is a usual path to success.

That is, stocks with not only a solid foundation to withstand rough times, but that can also provide increasing dividends going forward into the future.

Today, we'll look at two **TSX** stars that TFSA investors can count on to deliver long-term results.

Scotiabank

Bank of Nova Scotia (TSX:BNS)(NYSE:BNS) is a major Canadian bank with a strong focus on international growth and development. As of this writing it's trading at $71.74.

Specifically, BNS is heavily-focused on expanding its reach in South American markets. As such, its holdings are well-diversified internationally to go with its strong footing in Canada.

Moreover, BNS typically deploys more aggressive growth strategies and higher dividends than its peers. For TFSA investors, the long-term return potential is certainly exciting with BNS.

This TSX star is trading at $71.74 and yielding 5.02% as of this writing. When there's a 5% yield attached to a big name in Canadian banking, that's typically reason for investors to be excited.

Plus, that yield is coupled with a payout ratio of about 67%. So, there should be no concerns of BNS breaking its dividend streak, even with current market conditions.

While BNS might carry some more sector risk than other banks (namely, many South American economies are very dependent on commodities), it still has the undeniable reliability that investors have come to expect from a Canadian bank stock.

For TFSA investors looking to pick up a blue-chip stock poised to pay high, growing dividends over the long haul, BNS is certainly worth consideration.

TD Bank

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) is another major Canadian bank, which is trading at $76.06 as of this writing. It has a massive presence in Canada and its growing presence in the U.S. has been a driver for growth as well.

TD has a very wide moat when it comes to generating revenue. As such, TFSA investors should be attracted to this heavyweight for long-term dividend investing.

While the current market conditions aren't ideal, TD is still in a healthy spot. It has a payout ratio of 48.37%, and access to plenty of support and liquidity.

It has strong financials and an astonishing track record for paying a solid dividend to investors. As of this writing its yield is 4.15%, which is a solid figure for long-term investors.

TD will probably never blow the roof off when it comes to share price growth, but it's a very reliable stock with great dividend growth prospects. For TFSA investors, that's a recipe for long-term success over time.

While there could be bumps in the road ahead, you'd be very hard pressed to find issues with TD's roadmap for the long run.

Strategy for TFSA investors

Both BNS and TD can fit into a long-term plan for TFSA investors. Both stocks offer decent share price appreciation with mouth-watering dividend stability and growth.

If you're looking to add some blue-chip star power to your portfolio, be sure to keep tabs on these gems.

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