TFSA Investors: 2 Dividend Stocks That Can Make You Rich!

Description

If you want to see your portfolio grow in value without taking on much risk, investing in dividend stocks can help you achieve just that. Companies that pay dividends are generally established businesses with strong profits that can afford to distribute out their earnings back to shareholders. But investors shouldn't settle for any type of dividend stock — they should focus on buying shares of companies that regularly increase their payouts. That's because a 5% yield today could end up paying you 10% of your original investment several years down the road. And if you hold that type of investment in your Tax-Free Savings Account, you can accumulate all that income on a tax-free basis.

Here are two dividend-growth stocks that have excellent track records for paying and increasing their payments that can make you rich years from now.

Enbridge

In December 2020, pipeline company **Enbridge** (TSX:ENB)(NYSE:ENB) raised its dividend payments for the 26th consecutive year. The Dividend Aristocrat increased the payouts by a modest 3%. Today, investors who buy shares of the company are earning a yield of around 7.6%. If the company continues to increase its dividend payments at a rate of 3%, it would take 24 years for its payout to double. However, this is also under very challenging times and where the industry is facing a great deal of uncertainty due to the coronavirus pandemic.

As the economy recovers and once things (hopefully) get back to normal, Enbridge could raise its payments at a higher rate. Many companies have slashed or suspended their dividend payments in the past year, and so even a nominal increase in payouts looks great right now. And in the past six months, the stock itself has been fairly stable, climbing 3% in value.

Enbridge has continued to demonstrate stability and profitability over the past four quarters, reporting a positive operating income that over the trailing 12 months has been more than 20% of its total revenue. And during that time, Enbridge has also generated free cash flow of more than $4.1 billion.

Bank of Nova Scotia

Another great dividend stock to hold is **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS). The top bank stock pays a quarterly dividend yield of 5%. It's not as high of a payout as Enbridge's, but it makes up for that by being a lot more stable. Over the past 12 months, its share price has been flat, while the TSX has risen by about 2.6%. Enbridge, by comparison, has fallen 19% during the same period.

Its current dividend payment of $0.90 is 25% higher than the $0.72 the company was paying five years ago, growing at a compounded annual growth rate of about 4.6% during that time. If Scotiabank were to continue raising its dividend payments at that rate, it would take approximately 16 years for its payouts to double.

The company reported its latest earnings on Tuesday, and they indicated that the business was doing well, achieving year-over-year growth of 1% in diluted earnings per share. Bank stocks struggled in the early stages of the coronavirus pandemic, as the economy was struggling amid lockdowns. But stimulus payments like the Canada Emergency Response Benefit have helped and with vaccinations underway, there's hope that there could be better times ahead, which could make Scotiabank an even better buy right now.

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3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:ENB (Enbridge Inc.)

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