



## TFSA Investors: 3 Best Dividend Stocks to Buy Today

### Description

Last year, the federal government announced that the annual contribution for a Tax-Free Savings Account (TFSA) would stay at \$6,000 in 2021. This boosted the cumulative contribution room to \$75,500. That is a great starting point for investors looking to churn growth or income.

Today, I want to explore how we can achieve the latter. We'll look at three top dividend stocks to stash in your TFSA for the long term. These can provide steady tax-free income going forward.

### Why TFSA investors should zero-in on the energy sector

**Altagas** ([TSX:ALA](#)) is a Calgary-based diversified energy infrastructure company. In late February, I'd suggested that Canadian investors should look to energy stocks as [oil and gas prices](#) continue to surge. Shares of Altagas have climbed 11% in 2021 as of early afternoon trading on March 12. The dividend stock is up 65% from the prior year.

In 2020, the company delivered normalized EBITDA of \$1.31 billion. This came out on the higher end of its full-year guidance at the beginning of the year. In December, Altagas expects normalized EBITDA between \$1.4 billion and \$1.5 billion. Meanwhile, it is targeting a 4% dividend hike.

Shares of Altagas possess a favourable price-to-earnings ratio of 17. TFSA investors can rely on its monthly dividend of \$0.083 per share. That represents a solid 4.8% yield.

### This top bank stock still offers solid value

Canadian bank stocks are always a solid middle-ground for TFSA investors. These profit machines offer a balanced approach, delivering capital growth and decent income. **Scotiabank** ([TSX:BNS](#)) ([NYSE:BNS](#)) is one of my favourite dividend stocks of the Big Six to target right now. Shares of Scotiabank have climbed 16% so far this year.

The bank released its first quarter 2021 results on February 23. Like its peers, Scotia beat expectations

to open the year. Moreover, all banks have benefited from a drop in provisions for loan losses. Scotia's profit rose 3% from the prior year to \$2.4 billion. The bank's earnings were powered by its strong wealth management and global banking and markets divisions.

Scotiabank stock last had a P/E ratio of 14, putting it in solid value territory. This dividend stock offers a quarterly distribution of \$0.90 per share. That represents a 4.5% yield that you can count on in your TFSA.

## Another super dividend stock to add to your TFSA

**Cogeco Communications** ([TSX:CCA](#)) is a top Canadian communications company. I'd [recommended](#) that Canadians scoop up this undervalued dividend stock in early February. Shares of Cogeco have climbed 20% in 2021 so far.

The company came out of the gate strong in Q1 2021. Revenue rose 4.5% from the prior year to \$646 million. Meanwhile, adjusted EBITDA climbed 10% to \$321 million. Cash flows from operating activities jumped nearly 56% to \$235 million.

This dividend stock has a favourable P/E ratio of 14. It last paid out a quarterly dividend of \$0.64 per share, which represents a 2.2% yield. TFSA investors should snatch up this reliable dividend stock today.

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### Date

2025/07/04

### Date Created

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2021/03/13

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