TFSA Investors: 3 Top TSX Dividend Stocks to Hold Forever

Description

Several Canadian companies have been consistently paying dividends for a very long period. However, I have shortlisted three top TSX stocks that have the potential to maintain and uninterruptedly grow their dividends for a very long time. Thus, investors on the lookout for stocks that could generate a solid passive-income stream could consider buying these three stocks right now.

Moreover, I would recommend investors hold these stocks in a Tax-free Savings Account (TFSA), as the dividend income and capital gains will not be taxed.

Algonquin Power & Utilities

Algonquin Power & Utilities (TSX:AQN)(NYSE:AQN) is the first stock on my list that has the potential to deliver solid earnings in the long run and enhance its shareholders' value through higher dividends at a healthy pace. Notably, Algonquin Power & Utilities increased its dividends by 10% annually in the last 11 years. Further, it offers a healthy yield of 4.5%, which is very safe.

Algonquin Power & Utilities has consistently grown its earnings at a double-digit rate over the past several years. Further, its regulated and contracted assets generate stellar predictable cash flows that support higher dividend payments.

The company focuses on increasing its bottom line at a healthy pace over the next several years on the back of continued growth in its rate base and conservative business mix. Further, expansion of its renewable energy and electric transmission development projects and strategic acquisitions are likely to drive its future earnings and cash flows. Algonquin Power & Utilities's low-risk business, investments in rate base, strong balance sheet, and long-term contracts imply that its payouts are very safe.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) stock could be another great addition to your portfolio to generate consistent income in the long run. The company is a Dividend Aristocrat and has increased its dividends for 47 years in a row. Fortis's regulated asset base generates high-quality earnings that drive its dividend payments. Notably, Fortis projects its annual dividends to increase by a CAGR (compound annual growth rate) of 6% annually in the next five years and is currently yielding 3.7%.

Fortis owns a diversified portfolio of rate-regulated utility assets that account for almost 99% of its earnings, implying that its dividend payouts are very safe. Meanwhile, Fortis expects its rate to increase by $10 billion by 2025, which is likely to drive its high-quality earnings base and drive its future dividends.

I am upbeat about Fortis's diverse and low-risk assets and expect it to continue to boost its shareholders' returns in the coming years. Meanwhile, good growth opportunities in the renewable energy business, investments in infrastructure, and strategic acquisitions augur well for future growth.

Enbridge

Speaking of steady dividend income, consider adding the shares of the energy infrastructure company **Enbridge** (TSX:ENB)(NYSE:ENB) to your TFSA portfolio. It has consistently paid regular dividends for about 66 years and has increased it by a CAGR of 10% in the last two-and-a-half decades. While its dividends have grown at a healthy pace, Enbridge offers a solid yield of 7.2%, which is very safe.

I believe its diversified cash flows, solid momentum in the gas transmission and storage business, recovery in mainline volumes, and good growth opportunities in the renewable energy segment position it well to deliver solid returns in the long run.

Moreover, its secured capital program and contractual arrangements are likely to drive its cash flows and, in turn, its dividends.

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TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:FTS (Fortis Inc.)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:ENB (Enbridge Inc.)
6. TSX:FTS (Fortis Inc.)

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