



## TFSA Investors: 2 Top Dividend Stocks to Hold Forever

### Description

The Tax-Free Savings Account (TFSA) has become one of the best investment vehicles for Canadian investors for various medium and long-term financial goals. A portfolio of reliable dividend-paying stocks in your TFSA effectively is a gift that keeps on giving.

Several Canadian companies have been paying dividends for a long time. A few of these companies have also managed to grow their dividends each year without interruption for lengthy dividend growth streaks. Today I will discuss two such stocks that Canadian investors seeking to create a passive income stream through their TFSAs could consider adding to their portfolios.

### Fortis

**Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) could be an ideal addition to a TFSA portfolio to generate long-term returns through dividend income. The company is a [Canadian Dividend Aristocrat](#) with a 47-year dividend growth streak. The utilities holding company can generate substantial cash flows to finance its growing dividends due to the essential nature of its services.

Fortis earns most of its income through rate-regulated and contracted assets. The company can generate predictable cash flows that the management can use to finance growing dividend payouts and expansion plans. Fortis projects its annual dividends to increase by a compound annual growth rate (CAGR) of 6% over the next five years.

Fortis is a low-risk investment that continues to boost its shareholders' returns. With its renewable energy investments providing potential for excellent long-term growth, Fortis could be an ideal investment to consider holding forever.

### Algonquin Power & Utilities

**Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) is another excellent stock that you can consider adding to a dividend income portfolio in your TFSA. The stock has solid potential to provide you with

stellar long-term returns through its dividend payouts. The company has increased its payouts by 10% in the last 11 years.

The utility sector operator has consistently increased its earnings in double-digits over several years. Its contracted and rate-regulated assets generate predictable, safe, and reliable cash flows that the company can use to support its growing dividends. Algonquin's management focuses on increasing its bottom line at a rapid pace.

Algonquin has also been expanding its renewable energy and electric transmission projects. Combined with strategic acquisitions over the years, Algonquin Power & Utilities could provide consistently increasing cash flows.

## Foolish takeaway

A strong TFSA dividend income portfolio can provide you with consistent, reliable, and growing passive income. You can consider letting the cash grow in your account or reinvesting the dividends to unlock the power of compounding to accelerate your wealth growth and become a much wealthier investor by the time you retire.

Algonquin and Fortis stock trade for \$18.52 and \$54.82 per share at writing. The two companies boast dividend yields of 4.48% and 3.68%, respectively.

Algonquin Power & Utilities and Fortis could be excellent investments to begin building a [TFSA portfolio](#) that you can use as an additional income stream to grow your wealth in the long run.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

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

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