TFSA Investors: The 2 Safest Dividend-Growth Stocks Today

Description

The Tax-Free Savings Account (TFSA) is a useful investment vehicle for Canadians. It allows you to generate substantial earnings from your investments without incurring additional taxes, because it allows capital gains and other income from investments held in the account to grow tax-free.

You can use the contribution room in your TFSA to hold a variety of assets. The best way to utilize the contribution room is to invest in a portfolio of reliable income-generating assets that can continue delivering growing returns. Reliable Canadian dividend-growth stocks make the ideal assets to consider for this purpose, and there are so many to choose from on the TSX.

I will discuss two dividend-growth stocks that you could consider adding to your TFSA portfolio to enjoy substantial and tax-free returns for a long time.

Fortis

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) is a rock-solid way to fortify your dividend income TFSA portfolio. Fortis is a utilities holding company that began as a small electric utility in Newfoundland. The company now boasts operations throughout Canada, the U.S., and the Caribbean, with several regulated utility assets under its belt. Fortis owns and operates electric and natural gas transmission assets in a regulated market, generating predictable cash flows.

The company is currently in progress with its massive $19.6 billion capital plan for five years. Fortis's management expects to grow its dividends by a compounded annual growth rate of 6% during this time and keep growing its dividends by the same rate during this time. Fortis is a Canadian Dividend Aristocrat with a 47-year [dividend-growth streak](#) under its belt. Considering its near-term plans, the stock could continue delivering reliable dividend growth for years to come.

Brookfield Infrastructure Partners

Brookfield Infrastructure Partners ([TSX:BIP.UN](#))([NYSE:BIP](#)) is a stock that offers you exposure to a

wide range of diversified assets under one name. Brookfield Infrastructure Partners owns and operates natural gas pipelines, railroads, data networks, and many more. The company effectively offers its investors a broad, balanced, and diversified exposure to different assets spread across the world, providing them an excellent hedge against volatility.

Brookfield Infrastructure Partners's diversified portfolio, which includes inflation-indexed agreements, makes it an excellent stock to own during inflationary market conditions. As the economy begins to heat up, so do its rates. The company also benefits from stronger economic conditions due to better pricing margins and higher usage volumes. The stock could be an excellent long-term play for investors seeking wealth growth, despite volatile market conditions.

Foolish takeaway

Fortis and Brookfield Infrastructure Partners are excellent assets to consider adding to your TFSA portfolio if you seek income through growing dividend payouts.

Fortis gives you exposure to low-risk businesses that generate predictable returns that allow the company to comfortably finance its growing dividend payouts to shareholders. Brookfield Infrastructure Partners offers you exposure to a mix of diversified assets that offer substantial growth while offering your capital a hedge against volatility.

Brookfield Infrastructure Partners and Fortis stock could be excellent investments if you are looking to create a portfolio of reliable dividend-growth stocks in your TFSA.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
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TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. NYSE:FTS (Fortis Inc.)
3. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
4. TSX:FTS (Fortis Inc.)

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Date
2025/08/23
Date Created
2021/06/24
Author
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