



## TFSA Investors: 2 Top Dividend Stocks to Own for Tax-Free Wealth Growth

### Description

The Tax-Free Savings Account (TFSA) is a favourite tool for many Canadian investors to achieve a wide range of short-, medium-, and long-term financial goals. Whether you want to create a portfolio of income-generating assets that provide you with tax-free passive revenues to supplement your income or accumulate substantial wealth for a massive retirement nest egg, [TFSA investing](#) can make it possible.

If you can find the right [dividend stocks](#) that can provide you with reliable income, you can reinvest the dividends through a dividend reinvestment plan (DRIP) to unlock the power of compounding and accelerate your wealth growth.

Today, I will discuss two of the top Canadian dividend stocks you should own if you're looking to enjoy long-term and tax-free wealth growth.

### Fortis

**Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) is hands-down one of the best dividend stocks you can add to your TFSA portfolio. The Canadian Dividend Aristocrat has been raising its shareholder dividends for the last 47 years. The company's management hopes to raise its dividends at a compound annual growth rate (CAGR) of 6% over the next five years.

Fortis is a utility holding company that owns and operates several electric and natural gas utility businesses across Canada, the U.S., and the Caribbean. The company generates almost its entire revenue through regulated businesses. It means that its cash flow is predictable and allows the company's management to fund its rising dividends comfortably.

The stock is trading for \$58.05 per share at writing and boasts a juicy 3.48% dividend yield that you can lock into your TFSA portfolio today.

## TC Energy

**TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) is a significant name in the energy infrastructure space throughout North America. The company owns and operates over \$100 billion in assets across Canada, the U.S., and Mexico. The company boasts an excellent track record for dividend growth over the last two decades. It is in a financially strong enough position to continue delivering further dividend hikes in the coming years.

TC Energy is currently going through \$21 billion in secured development projects that its management expects to boost its revenues and cash flows. The company's management expects to raise its dividends by 5-7% in the coming years. TC Energy's acquisition of Columbia Pipeline in 2016 for \$13 billion is one of the several strategic acquisitions made by the company to boost its presence in the industry.

At writing, the stock is trading for \$59.13 per share and boasts an attractive 5.89% dividend yield.

## Foolish takeaway

The TFSA is one of the most versatile investment tools available to Canadians. Designed to encourage better savings practices, the TFSA allows you to enjoy tax-free earnings in the account and tax-free withdrawals that you can make at any time.

One of the best ways to use the contribution room in your TFSA is to allocate it to [reliable dividend stocks](#) that can continue growing your wealth for years without incurring income taxes for the Canada Revenue Agency (CRA) to collect.

Fortis stock and TC Energy stock are ideal assets to add to your portfolio if you want to earn tax-free income that can make you a much wealthier investor in the long run.

## CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

## TICKERS GLOBAL

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2. NYSE:TRP (Tc Energy)
3. TSX:FTS (Fortis Inc.)
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