TFSA Investors: 2 Top Dividend Stocks to Buy Today

Description

The Tax-Free Savings Account (TFSA) is a popular investment vehicle for Canadian investors who want to achieve their financial goals. The versatile and flexible investment account lets you enjoy tax-free returns on your investments held in the account, allowing you to keep more of the returns from your capital than with a non-registered account.

One of the most sustainable ways to make the most of TFSA investing is to use it to store a portfolio of income-generating assets like reliable dividend stocks. While you might argue that growth stocks could offer you greater returns, those stocks also entail higher capital risk. It means that during downturns, you could see much more significant losses than investors who have portfolios balanced by dividend stocks.

Today, I will discuss two top dividend stocks that could be perfect for your TFSA investing portfolio.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) is one of the top dividend-paying companies in the country and a favourite among many income-seeking investors. With a dividend-growth streak spanning 47 years, only one other company offers a longer dividend-growth streak on the **TSX**. The utility holdings company generates stable, predictable, and reliable cash flows that allow it to fund its growing shareholder dividends comfortably.

What makes it so easy for Fortis to achieve such impressive dividend growth? The industry Fortis operates in allows it to earn revenues regardless of the economic environment in the country. Most of its revenues come from highly rate-regulated and long-term contracted assets that provide gas and electric utilities to customers in Canada, the U.S., and the Caribbean.

When it comes to securing virtually guaranteed dividend payouts to keep increasing your account balance, there is arguably no better bond proxy than Fortis stock.

goeasy

goeasy (TSX:GSY) is a top Canadian dividend stock that could be an excellent option for TFSA investors but for slightly different reasons than Fortis. goeasy stock does offer shareholder dividends but at a meagre 1.28% dividend yield. However, the real reason to buy and hold the stock in your TFSA portfolio is the growth it offers through capital appreciation.

At writing, the stock is trading for $205.55 per share, and it is up by 113% year to date. The company's prolific growth in a matter of months makes sense due to its business. The company offers high-interest loans to borrowers who do not have the credit score to secure loans from traditional lenders. It also sells home goods on a rent-to-own basis. The pandemic created perfect conditions for the company's revenues to grow.

The meagre dividend yield might not look like much, but its payouts have grown by over 770% between 2014 and 2021, making it an attractive dividend stock pick for your TFSA portfolio.

Foolish takeaway

Buying and holding dividend stocks in your TFSA portfolio could allow you to generate significant and tax-free passive income that can keep padding your account with extra cash besides growing your wealth through capital appreciation.

Provided that you can find the right companies to invest in, the right TFSA investing strategy could make you a much wealthier investor in the long run. Fortis stock and goeasy stock could be the perfect income-generating assets you could consider adding to your TFSA to begin creating such a portfolio.

CATEGORY

1. Dividend Stocks
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2. TSX:FTS (Fortis Inc.)
3. TSX:GSY (goeasy Ltd.)

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Author
adamothman