



2 Top Dividend Stocks for New TFSA Investors

Description

Canadian investors of all ages are using the TFSA to generate tax-free income or build self-directed retirement portfolios inside their [online brokerage accounts](#).

BCE

BCE ([TSX:BCE](#))([NYSE:BCE](#)) has been an anchor dividend stock in [retirement](#) and income portfolios for decades. The company generates strong free cash flow to support the generous dividends and continues to grow revenue and profits at a steady pace.

The emerging [5G](#) network offers BCE a variety of new revenue opportunities in the coming years. Capital investments to get the network built are substantial, but investors should see the benefits through added protection of the competitive position of the business and well as the improvements to the bottom line.

BCE appears reasonable at the current share price near \$65.25 per share and provides a 5.35% dividend yield. This should make the stock attractive for seekers of passive income as well as for investors who want a defensive anchor stock in their [TFSA](#) retirement fund that can deliver decent long-term total returns.

Bank of Nova Scotia

Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#)) reported strong fiscal 2021 results that proved the bank has navigated the worst part of the pandemic in good shape. Profitability remains strong in the Canadian operations supported by deposits and loan growth. A robust housing market has helped drive profits, and the market is expected to remain strong, even as mortgage rates drift higher.

Bank of Nova Scotia's international operations took a hit in 2020 but started to bounce back last year and are poised for solid long-term growth. The group is primarily focused on the Pacific Alliance trade bloc countries, including Mexico, Colombia, Peru, and Chile. Banking penetration is only about 50% in

these markets that are home to more than 230 million people. As middle-class wealth expands in the coming years Bank of Nova Scotia should benefit from increased demand for loans and investment products.

Commercial banking opportunities are also attractive. Companies that are taking advantage of the trade pact need a variety of cash-management services, and Bank of Nova Scotia's strong position in each of the four countries should give it a competitive edge.

Bank of Nova Scotia raised its dividend by 11% when it reported fiscal 2021 results. Another large payout hike could be on the way in 2022. The bank is also planning to buy back stock and could use some of the excess cash it built up to ride out the pandemic to make strategic acquisitions. The bank has previously indicated that wealth management opportunities in the United States could be on the radar.

Bank of Nova Scotia stock trades at a reasonable 11.7 times trailing 12-month earnings and provides a 4.4% dividend yield at the time of writing.

The bottom line on top dividend stocks for TFSA investors

BCE and Bank of Nova Scotia pay attractive dividends for TFSA income investors and should be solid anchor picks for those who are creating long-term retirement portfolios. If you have some cash to put to work in a TFSA, these stocks deserve to be on your radar.

CATEGORY

1. Dividend Stocks
2. Investing

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2. NYSE:BNS (The Bank of Nova Scotia)
3. TSX:BCE (BCE Inc.)
4. TSX:BNS (Bank Of Nova Scotia)

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