Holding These 3 Dividend Stocks in Your TFSA Could Generate Reliable Income

Description

The Tax-Free Savings Account (TFSA) is one of the most important wealth-generating vehicles that Canadians should take advantage of. As its name suggests, any gains or income generated in these accounts can be withdrawn tax free. That can greatly accelerate your way to financial independence if used wisely. In this article, I'll discuss three **TSX** stocks that could generate a reliable income for TFSA investors.

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This is one of the best dividend stocks in Canada

When looking for dividend stocks to add to your portfolio, **Fortis** (TSX:FTS)(NYSE:FTS) should be one of the first companies you consider. As of this writing, Fortis has increased its dividend in each of the past 47 years. That gives it the second-longest active dividend-growth streak in Canada. In fact, its dividend-growth streak is so long that the next longest streak is more than a decade and a half shorter.

Fortis is able to increase its dividend on such a consistent basis, because of the recession-proof nature of its business. The company provides regulated gas and electric utilities to 3.4 million customers across Canada, the United States, and the Caribbean. Fortis stock offers a forward dividend yield of 3.59%.

A reliable company with a solid dividend

Another company that could generate a reliable income for TFSA investors is **Canadian National Railway** (TSX:CNR)(NYSE:CNI). This company is the larger entity in the duopoly that dominates the Canadian railway industry. What makes Canadian National even more appealing is that there isn't a feasible way for large amounts of goods to be transported over long distances, if not by rail. This means that the company should continue to see high demand over the coming years.

Much like Fortis, Canadian National has a long history of raising its dividend distribution. In fact, Canadian National is only one of 11 TSX-listed stocks to maintain a dividend-growth streak of at least 25 years. In addition, its payout ratio is only 35.7%. This means that the company has sufficient room to continue growing its dividend in the future.

This stock has paid a dividend for nearly two centuries

Finally, investors should consider buying shares of **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS). It is a member of the Big Five, a group which dominates the Canadian banking industry. Bank of Nova Scotia stands out from its peers for its international diversification. This not only gives the company a great opportunity for future growth but also provides some security if one or two of its focus regions were to experience periods of economic uncertainty.

Bank of Nova Scotia doesn't have the same kind of dividend-growth history as Fortis and Canadian National. However, with a dividend-growth streak of 11 years, the company is still listed as a Canadian Dividend Aristocrat. Although it doesn't have a long history of increasing dividends, investors should note that Bank of Nova Scotia has a long history of *paying* dividends. In fact, the company has managed to pay a dividend in each of the past 190 years. This makes Bank of Nova Scotia an excellent company to hold in a TFSA.

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2. NYSE:CNI (Canadian National Railway Company)
3. NYSE:FTS (Fortis Inc.)
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