3 Safe TFSA Stocks to Buy to Protect Your Money

Description

Many people, especially the ones with almost zero risk tolerance, believe that the best way to keep your capital safe is to keep it in cash. But cash is susceptible to a more insidious threat than a shaky market: inflation. Gold is impractical for most investors, and you may not get the tax advantage of an RRSP and TFSA.

And if capital preservation is your priority, there are several safe stocks that will not just prevent your capital from eroding away from inflation but will also keep it growing at a decent pace while rewarding you with dividends.

A telecom aristocrat

BCE (TSX:BCE)(NYSE:BCE) is the largest telecom company in the country by market cap and one of the three giants that rule the industry and have consolidated most of the business. It's also a well-established aristocrat that's currently offering a juicy 5.4% yield. Its long-term growth potential, while minimal compared to typical "growth stocks," is still potent enough to double your capital in a decade or so.

Right away, that's an upgrade over keeping your money "safe" in the form of cash in your TFSA. Instead of letting it deplete over time thanks to inflation, BCE will not just be able to keep it safe but will ensure that it's growing at a steady pace while also offering you cash dividends.

The safety comes from its position in the highly diluted industry, its 5G prospects, solid financials, and history. Since the Great Recession, the stock has almost always recovered its pre-crash valuation in fewer than four years.

A banking aristocrat

Despite being the retail banking giant in Canada, **Toronto-Dominion** (TSX:TD)(NYSE:TD) stands as second among the Big Five when it comes to market cap. And that's after the massive 40% hike in its market value from its pre-pandemic peak. The post-pandemic growth momentum is still going strong, and the stock is close to growing 100% since its crash valuation.

TD is a safe investment for several reasons. It's part of the conservative Canadian banking sector that has stood strong through financial headwinds several times. It has an impressive presence in Canada and the U.S. and is already one of the leading digital banks in Canada.

Its long-term return potential is quite decent, especially if you buy it when it's dipping (locking in a good yield) and hold it for at least a couple of decades or more.

A utility aristocrat

Algonquin (TSX:AQN)(NYSE:AQN) covers both ends of the power business — generation and distribution. *And* it's focused quite heavily on renewable power sources. And that offers it more "stability and reliability" points than a simple utility company, which is an inherently safe business as it is. The company will have a total power generation capacity of four gigawatts when all its projects and facilities come online.

Its utility business is quite comprehensive as well. It has over a million customer connections, which cover electricity, natural gas, and water supply. The steady clientele and a futuristic view come with decent return potential. The company is currently offering a juicy 4.8% yield, and its 10-year CAGR of 16.5% is quite substantial.

Foolish takeaway

The three companies will not just help grow your TFSA capital; they will also offer generous and growing dividends (as all three are aristocrats). If you have a substantial enough sum to invest, you can leave your capital to grow for decades, only relying upon the dividends for income from these investment assets.

CATEGORY

1. Dividend Stocks
2. Investing

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1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:BCE (BCE Inc.)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:BCE (BCE Inc.)
6. TSX:TD (The Toronto-Dominion Bank)

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