



2 Top Dividend Stocks to Build TFSA Wealth

Description

The Tax-Free Savings Account (TFSA) is a wonderful tool for Canadians for various purposes. Many Canadian investors rely on [TFSA investing](#) to create personal retirement funds that can grow tax free over the years. Buying and holding high-quality and income-generating assets for the long run is an excellent way to use your TFSA.

Reliable dividend stocks that regularly distribute payouts to investors offer you the opportunity to capitalize on the power of compounded returns. Investing in dividend-paying stocks and reinvesting any shareholder dividends you earn through a dividend-reinvestment plan could accelerate your wealth growth.

Provided that you find high-quality dividend stocks that you can buy and hold for years, you could set yourself up for [significant wealth growth](#) by the time you retire.

Today, I will discuss two dividend stocks you could consider to begin building TFSA wealth.

Fortis

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) is widely regarded as one of the best Canadian Dividend Aristocrats. The \$27.42 billion market capitalization utility holdings company has a strong presence in North America's utility industry. The company owns and operates 10 regulated utility businesses across Canada, the U.S., Central America, and the Caribbean.

Fortis generates 99% of its revenues through rate-regulated assets, virtually guaranteeing predictable cash flows. Stable cash flows allow the company's management to fund its rising shareholder dividends and capital programs comfortably. Its current \$20 billion capital program is slated to increase its rate base by 6% each year through 2026.

The Canadian Dividend Aristocrat boasts a 48-year dividend-growth streak. Fortis stock trades for \$57.76 per share at writing, and it boasts a juicy 3.70% dividend yield.

TC Energy

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)) is another dividend stock you could consider for long-term and tax-free wealth growth in a TFSA. TC Energy is a \$65.54 billion market capitalization energy company based in Calgary. It owns, operates, and develops energy infrastructure in Canada, the U.S., and Mexico. TC Energy also boasts a strong portfolio of high-quality contracted and regulated assets that support its dividend payouts and capital programs.

TC Energy stock trades for \$66.81 per share at writing, and it boasts a juicy 5.39% dividend yield. It is also a Canadian Dividend Aristocrat that has raised its shareholder dividends for 22 consecutive years. With new opportunities in the utility business and energy industry rising up, TC Energy is well positioned to continue delivering dividend hikes for years to come.

Foolish takeaway

Long-term TFSA investing to build wealth requires identifying assets that can reward investors with growth through [shareholder dividends](#) and capital gains. Companies that generate reliable and robust cash flows are likelier to sustain dividend payouts and long-term revenue growth through robust capital programs.

Fortis stock and TC Energy stock are two assets that could be considered viable investments for this purpose. If you have the TFSA contribution room and investment capital available, investing in these two stocks could be worthwhile for significant total returns.

CATEGORY

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