TFSA Investors: 3 Dividend Stocks to Buy With $6,000

Description

Everyone has a different schedule for contributing to their TFSA. Some put a specific amount a month, and the current $6,000 breaks down to a neat sum of $500 a month. Others might contribute larger sums every two or three months or even once a year when they get their year-end bonuses.

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Regardless of what your contribution "schedule" is, there are three dividend stocks that you may consider buying with this year's $6,000. It's important to note that $2,000 apiece may not get you a lot of cash, so the passive-income angle might not be viable with this much capital. So you may want to think about a dividend reinvestment program (DRIP). If you hold on to these dividend stocks for long enough, the DRIP may help you grow your stake to a decent size over time.

A REIT

When you buy a REIT for the long term, and you want to gauge its financial sustainability, it's a good idea to look beyond the metrics and consider the asset class you are investing in as well. Take **PRO REIT** (TSX:PRV.UN) as an example. It's a commercial property REIT with an asset mix leaning quite heavily towards industrial properties that make up about 54% of the 120-properties portfolio. The rest is the office and retail properties.

Industrial properties, even the heavy industry ones (manufacturing), tend to be quite stable. And if the tenant portfolio is healthy and long-term leases are signed, the REIT can be held long term. PRO REIT ticks most of the boxes, especially the yield one, as it's currently offering a mouth-watering yield of 6.6%.

At $2,000, that would result in $132 a year, which may not seem like much, but it can get you at least 18 more shares of the REIT at $7 a share (a little more than its current price).

A telecom giant

If you are looking for a well-established Dividend Aristocrat to buy with your TFSA funds, **BCE** (
TSX:BCE

)(NYSE:BCE) is a good option. The telecom giant is currently offering a juicy 5.5% yield, relatively high compared to its peers in the industry. The yield would have been much higher if you had bought it during the pandemic slump, but it's still quite significant, especially considering that the stock is trading at an all-time high.

The payout ratio is over 100%, but it's lower than what it was in 2020, and the company *has* raised the payout by a sizeable margin. With $2,000, you can buy almost 30 shares of the company and about one and a half (fractional share) with the yearly payouts. And if the company keeps up with its steady 10-year CAGR of 10.7%, you can expect a decently paced capital appreciation as well.

A life insurance company

For capital appreciation, **Sun Life Financial** (TSX:SLF)(NYSE:SLF) is a good dividend option to consider. Because even though its 3.9% yield is not as strong compared to the other two, the 10-year CAGR of 17%, at the current incredibly fair (almost undervalued) price, makes it an ideal bargain.

Sun Life, while well known for its life insurance, has a relatively diverse business model and a decent international reach. It's one of the largest life insurance companies in Canada, which is not just a competitive edge but a testament to its stability as well.

If you invest $2,000 in the company, you may be able to buy back just one share with a year's worth of dividends. But the capital-appreciation potential of the stock makes up for whatever it lacks when it comes to dividends.

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Foolish takeaway

These three dividend-growth stocks could be brilliant additions to your TFSA. They can help expedite the growth of your TFSA nest egg, and the dividends, even if they are not healthy enough for their respective DRIPs, can be used for other investments — i.e., companies with relatively smaller share prices.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. TSX:BCE (BCE Inc.)
3. TSX:PRV.UN (Pro Real Estate Investment Trust)
4. TSX:SLF (Sun Life Financial Inc.)

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