



## TFSA Investors: 2 Dividend Stocks to Buy Today and Hold Forever

### Description

There's never a bad time to think about building an additional stream of income. I'd argue that right now would be a very opportune time to do so, as I'm bracing for more volatility in the stock market. Even though I'm a long-term investor, an additional income stream could help offset any temporary losses from potential volatility.

Dividend stocks are one of the easiest ways to build a passive-income stream. And if you own those dividend stocks in a [Tax-Free Savings Account](#) (TFSA), there's no need to pay any tax on the income generated from dividends.

Most dividend-paying companies pay out dividends to shareholders on a quarterly basis. However, if you look closely enough, there are a few companies operating on a monthly payout schedule.

Regardless of how often dividends are paid out, it's important to keep in mind that no dividend is ever guaranteed. Companies have the right to reduce or remove the dividend altogether. We saw this happen in the early days of the pandemic, when management teams across the globe were frantically trying to reallocate capital during very unprecedented times.

Fortunately, the **TSX** today is full of dependable dividend stocks to choose from. Here are two top picks that are perfect for long-term, passive-income investors.

### Dividend stock #1: Toronto-Dominion Bank

When searching for a dependable dividend stock to invest in, a Dividend Aristocrat would be a safe place to start. In Canada, the Dividend Aristocrat status is handed out to a company that's increased its dividend for five consecutive years.

The [Canadian banks](#) own some of the longest dividend-payout streaks on the TSX, as well as very respectable yields.

Of the Big Five, **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) would be my top choice for a long-

term, passive-income investor.

At a market cap near \$150 billion, TD is Canada's second-largest bank, behind only **RBC**. Thanks to the bank's continued expansion through the U.S., it is now ranked within the top 10 in North America based on total asset size.

It's TD's long-term growth opportunity in the U.S. that has me ranking the bank as a top dividend stock. With still plenty of growth opportunities to be captured south of the border over the coming decades, there's no reason to believe why TD cannot continue to deliver market-beating growth to its shareholders on top of an impressive dividend yield.

At today's stock price, TD's annual dividend of \$3.56 per share yields a very respectable 4.30%. Management has also increased its dividend for more than 10 consecutive years now.

## Dividend stock #2: Northland Power

My second pick cannot compete with TD in terms of dependability and yield. It can, however, provide much more potential in terms of long-term growth opportunities.

As a huge bull on the [renewable energy](#) space, **Northland Power** ([TSX:NPI](#)) would still be at the top of my watch list, even if it didn't pay a dividend.

After the stock has jumped close to 20% over the past six months, Northland Power's yield has understandably dropped. At today's stock price, it's yielding just under 3%.

That being said, what makes Northland Power a strong buy for me is the growth it can provide alongside a nearly 3% dividend yield.

Excluding dividends, the dividend stock has returned close to 80% over the past five years. That's good enough for more than doubling the returns of the **S&P/TSX Composite Index** over the same time span.

If you're a long-term, passive-income investor that's also bullish on the rise of renewable energy, this company should be on your watch list.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:NPI (Northland Power Inc.)
3. TSX:TD (The Toronto-Dominion Bank)

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