TFSA: 3 Buy and Hold Dividend Stocks With Massive Long-Term Potential

Description

A TFSA (Tax-Free Savings Account) is an excellent tool for saving and investing. As dividends, capital gains, and interest income are not taxed in a TFSA, it significantly boosts your actual returns over time. Thus, even if the market remains uncertain, investors should continue to buy high-quality stocks that offer dividends and growth. This helps create a solid corpus in the long-term and allows you to fetch regular tax-free passive income.

So, if you have contribution room in your TFSA, consider buying and holding these three dividend-paying stocks with massive long-term potential.

Telus

Shares of the communication giant **Telus** (TSX:T)(NYSE:TU) are a must-have in your portfolio for solid income and growth. Through its multi-year dividend-growth program, Telus consistently enhances its shareholders' value. Further, its ability to deliver consistent profit and opportunities from the 5G expansion provides a massive long-term growth opportunity.

Notably, Telus' growing customer base and higher revenues support its profitability. Despite significant investments in network infrastructure, Telus' adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) has an average compound annual growth rate or CAGR of 4% since 2017.

Telus has paid over $16.6 billion in dividends in the last 18 years. Moreover, it expects to increase its dividend by a mid-to-high single-digit rate annually in the coming years.

Overall, its growing customer base, low blended churn rate (less than 1%), 5G expansion, momentum in the agriculture & consumer goods business, and international expansion position it well to deliver robust growth. Further, investors can earn a well-protected and high yield of 5.1% by investing in Telus stock at current levels.

goeasy

goeasy (TSX:GSY) is a solid stock with significant long-term growth potential, and there are good reasons for this. Its earnings have been growing at a double-digit rate (a CAGR of 34% since 2011), which supports its dividend growth.

goeasy has uninterruptedly paid dividends for over 18 years. Meanwhile, it increased its dividend by a CAGR of 34.5% in the past eight years. goeasy is well-positioned to capitalize on the growing demand for non-prime consumer loans. Meanwhile, the company is expanding its product base and distribution channels. Also, goeasy's selective acquisitions augur well for earnings and dividend growth.

Barring 2022, goeasy has delivered exceptional returns and has outperformed the benchmark index by a wide margin. This year, the stock, like many of its peers, was impacted by rising interest rates and the overall market downturn. However, the growth in its loan portfolio, stable credit quality, and margin expansion will lead to a massive upside in goeasy stock, particularly as the economy begins to recover. Further, investors could earn a solid yield of 3.4%.

Algonquin Power & Utilities

Next up are shares of **Algonquin Power & Utilities** (TSX:AQN)(NYSE:AQN). Though it operates a low-risk utility business, it has consistently delivered healthy returns and enhanced shareholder value through higher dividend payments (its cumulative five-year total shareholder return stands at 101%).

Algonquin Power grew its dividend for 12 years (at a CAGR of 10%). These payouts are supported by its growing earnings base which has a CAGR of about 11% in the last five years. The company's regulated business, opportunities in the renewable segment, and rate base growth will support future earnings growth and dividend payments.

Algonquin Power projects a 7-9% annual increase in its dividend over the next five years. Meanwhile, investors can now earn a stellar dividend yield of 6.5% by investing near current levels.

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2. NYSE:TU (TELUS)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:GSY (goeasy Ltd.)
5. TSX:T (TELUS)

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