



TFSA: 3 of the Best Canadian Dividend Stocks to Buy This Year

Description

Some of the best Canadian dividend stocks on the market remain stellar buys that can provide investors with decades of income-producing potential. The time to buy these stocks as part of your Tax-Free Savings Account (TFSA) has never been better.

Here are three options to consider buying this year.

Option #1: The big bank with solid growth

It would be nearly impossible to compile a list of the best Canadian dividend stocks to buy without mentioning at least one of Canada's big banks. And that big bank to consider buying right now is **Bank of Montreal** ([TSX:BMO](#)).

BMO offers investors a growing international segment that is focused on the U.S. market. Specifically, BMO recently completed the acquisition of the U.S.-based Bank of the West. The deal exposed BMO to multiple new markets, including the lucrative California market.

The deal also brings billions in loans and deposits and over one million customers across 500 new branches into the BMO network. In other words, BMO has massive long-term growth potential.

Turning to [dividends](#), BMO has been paying out dividends without fail for nearly two centuries. That's longer than any other company in Canada. Today, that dividend works out to a generous 4.18% yield.

As of the time of writing, BMO trades down just over 7% over the trailing 12-month period, making it a superb time to buy this year.

Option #2: The retailer with a juicy yield

Retailers aren't usually the first type of stock that comes to mind when considering the best Canadian dividend stocks. But that's exactly what resonates when looking at **Canadian Tire** ([TSX:CTC.A](#)).

Canadian Tire is one of the largest and most well-known retailers in the country. Apart from its namesake brand, Canadian Tire boasts several other brands across different verticals, making it a diversified pick for any portfolio.

Perhaps most compelling is that Canadian Tire continues to invest in growth initiatives. Specifically, the company is investing \$3.4 billion, targeting supply chain improvements, and modernizing its infrastructure.

But why now? Canadian Tire trades at a discount right now. The stock is down 10% over the trailing 12-month period. The company also boasts a price-to-earnings ratio of just 9.62, making it a discounted, stellar, long-term pick for any portfolio.

Canadian Tire's quarterly dividend, which provides a juicy 4.23% yield is another key factor to consider. Specifically, the retailer has maintained a payout level of nearly 40% on that dividend, making it both sustainable and providing room for growth.

Speaking of growth, that dividend has seen annual bumps without fail for nearly two decades, offering over 15% growth.

In short, Canadian Tire is one of the best Canadian dividend stocks to buy, and the timing to buy the stock for your TFSA has never been better.

Option #3: The energy infrastructure behemoth

Few companies can attest to being one of the best Canadian dividend stocks while also boasting an insane yield, massive growth potential, and a huge defensive moat.

That company to consider is **Enbridge** ([TSX:ENB](#)).

Enbridge really is the complete package. The company generates a reliable revenue stream from its lucrative pipeline network. That pipeline network critically moves Canadian crude and natural gas to refineries and storage facilities in the United States. Additionally, the recurring revenue generated by that pipeline network is not based on the price of the commodity being hauled.

In other words, Enbridge's pipeline network provides a massive defensive moat that isn't impacted by the volatile price of oil.

If that's not enough, Enbridge also has a growing renewable energy business. The company operates a portfolio of renewable energy assets that are located across North America and Europe.

Turning to dividends, Enbridge provides investors with a lucrative 6.50% yield. This handily makes Enbridge one of the best Canadian dividend stocks to buy, but there's still more.

Prospective investors should also note that Enbridge has provided investors with annual bumps to its dividend for nearly three decades without fail. This makes the stock a [great option for long-term investors](#).

Final thoughts

Investors looking to establish an income stream should consider one or more of the three best Canadian dividend stocks mentioned above as part of a larger, [well-diversified](#) portfolio.

Buy them, hold them, and let your future income grow.

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2. TSX:CTC.A (Canadian Tire Corporation, Limited)
3. TSX:ENB (Enbridge Inc.)

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