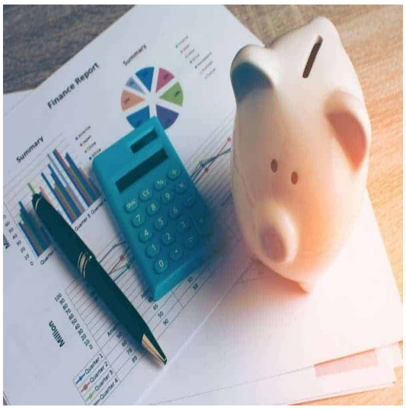

The 3 Best Dividend Stocks for Your TFSA

Description

If you plan on becoming financially independent, then it's essential that you invest in a Tax-Free Savings Account (TFSA) As its name suggests, any gains generated in this accounts can be withdrawn tax free. That includes any dividends that are received in a TFSA. That means investors could snowball their passive income much faster in a TFSA compared to a regular, taxable account.

default watermark

Potential TFSA investors should note, however, that Canadians have a limit on how much they can contribute into one of these accounts. In 2023, Canadians were given an additional $6,500 of contribution room. However, if you've never used a TFSA before, you *could* have up to $88,000 of room available.

In this article, I'll discuss three dividend stocks you should buy with the money in your TFSA.

Every dividend investor needs this stock in their portfolio

Fortis (TSX:FTS) is the first stock that dividend investors should consider buying in a TFSA. This company provides regulated gas and electric utilities to more than three million customers across Canada, the United States, and the Caribbean. As of late 2022, Fortis's portfolio consisted of $64 billion of assets under management, making it a big player in the global utility industry.

In terms of its dividend, Fortis is no slouch. In fact, the company holds the second-longest active dividend-growth streak in Canada (49 years). What's even more impressive is that Fortis has already announced its plans to continue raising its dividend through to 2027. Today, investors can take advantage of a 4.16% dividend yield.

One of the best dividend stocks around

Canadian National Railway (TSX:CNR) is the second dividend stock I think you should buy today. Canadians should be very familiar with this company. It operates nearly 33,000 km of track spanning from British Columbia to Nova Scotia. Canadian National is also notable for being one of the largest railway companies in North America in terms of revenue and network size.

Although its dividend-growth streak isn't as impressive as that of Fortis, Canadian National is still impressive in that regard. The company holds a 26-year dividend-growth streak, making it one of 11 TSX-listed companies to achieve that feat. Over those 26 years, Canadian National's dividend has grown at a compound annual growth rate of more than 10%. That helps investors stay ahead of inflation.

A company with a long dividend history

Finally, Canadians should consider adding **Bank of Nova Scotia** (TSX:BNS) to their TFSAs. This is one of the Big Five, which is a group of companies that leads the Canadian banking industry. What differentiates Bank of Nova Scotia, in my opinion, is its focus on international growth. Uniquely positioned in the Pacific Alliance, Bank of Nova Scotia could capitalize on a growing middle-class economy in that region.

default watermark

With respect to its dividend, this company has been paying shareholders for 189 years. That's very impressive if you consider how many companies have needed to suspend dividend distributions over the past couple of decades. If that's not enough, Bank of Nova Scotia could entice investors with its 6.08% forward dividend yield.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:BNS (Bank Of Nova Scotia)
2. TSX:CNR (Canadian National Railway Company)
3. TSX:FTS (Fortis Inc.)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. jedlloren
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date
2025/08/12
Date Created
2023/01/13
Author
jedlloren

default watermark

default watermark