3 Safe Dividends Yielding at Least 4.8%

Description

As stock prices continue to fall, there is an upside: stocks are much cheaper than they once were. And, as a result, high-yielding dividends become easier to find.

On that note, below are three safe dividends yielding at least 4.8%.

1. Bank of Nova Scotia

If you're looking for safe dividends, the big banks are a great place to start. In fact, none of them have cut their payouts since World War II.

There are some simple reasons for this. The banks face limited competition, which makes for relatively steady profits. They are conservatively managed. And perhaps most importantly, they only pay out 45-50% of their income to shareholders. So even if profitability suffers, the dividend is still affordable.

Bank of Nova Scotia (TSX:BNS)(NYSE:BNS) has seen its shares lag over the past couple of years primarily due to weakness in the Canadian economy and in energy. But no one is suggesting a dividend cut is possible, and the payout now yields a healthy 5.4%.

2. TransCanada

There are plenty of reasons to dislike **TransCanada Corporation** (TSX:TRP)(NYSE:TRP). Most notable has been the collapse in energy prices, and to make matters worse it has become harder to get new pipelines approved.

But TransCanada has one big advantage over energy producers. Its pipelines are generally secured by long-term contracts, which leaves the company relatively unexposed to commodity prices. This means that revenue and cash flow tend to be quite steady. Furthermore, TransCanada has $14 billion of visible, near-term growth projects.

The company plans to grow its dividend by 8-10% per year out to 2020, but it still has a yield of 4.8%. That combination isn't easy to find.

3. Telus

Canada's Big Three telecommunications providers make for great dividend payers. After all, they face limited competition, are protected by high barriers to entry, and make subscription-based revenue. As a result, cash flow tends to be very smooth, which is perfect for paying a big dividend.

Telus Corporation (TSX:T)(NYSE:TU) is the best positioned of the Big Three. It has the highest customer satisfaction scores, the most exposure to growth products (such as wireless and Internet), and the best financial results.

Recent concerns about a fourth competitor have hampered Telus's stock price, and as a result the company's dividend yields 4.8%. Keep in mind that Telus is a growing company and only pays about three-quarters of its income to shareholders. So the chances of a dividend cut are very remote. Instead you will probably see more dividend hikes down the line.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:TRP (Tc Energy)
3. NYSE:TU (TELUS)
4. TSX:BNS (Bank Of Nova Scotia)
5. TSX:T (TELUS)
6. TSX:TRP (TC Energy Corporation)

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