



## Retirees: 2 Income Stocks Yielding 6-7% for Your TFSA

### Description

Canadian retirees are searching for high-yield income stocks to put inside their Tax-Free Savings Accounts (TFSA).

The strategy makes sense for income investors who can shoulder a bit of added risk when seeking above-average returns on their savings.

Let's take a look at **Russel Metals Inc.** ([TSX:RUS](#)) and **Altagas Ltd.** ([TSX:ALA](#)) to see why they might be interesting picks.

### Russel Metals

Russel Metals is a metal-distribution company based in Ontario with operations located across Canada and throughout the United States.

The company's businesses include service centres, energy products, and steel distributors.

The downturn in the oil sector hit the energy side of the business quite hard, but Russel has done a good job of reducing expenses along the way and has managed to keep the dividend steady.

The Q1 results showed an improvement across the board compared to the same period last year. Revenue rose in all three core segments, and net earnings jumped from \$0.13 per share in Q1 2016 to \$0.48 per share in the first three months of 2017.

Russel pays a quarterly dividend of \$0.38 per share for a yield of 6%.

### Altagas

Altagas is an energy infrastructure company with utility, gas, and power businesses in Canada and the United States.

The announcement of plans to acquire Washington D.C.-based **WGL Holdings** for \$8.4 billion hit the stock in recent months, giving investors an opportunity to pick up the shares at an attractive price.

The addition of WGL along with several organic development projects, including a natural gas storage facility in Nova Scotia and a propane export terminal in British Columbia, should drive cash flow growth and support steady dividend increases in the coming years.

Altagas is also a player in the emerging battery-storage sector with its new 20 MW facility in California. Going forward, this segment could become a significant driver of growth for the company.

The monthly dividend of 17.5 cents per share provides a yield of 6.75%.

### **Is one more attractive?**

Both stocks look like solid picks for an income-focused TFSA portfolio.

Altagas provides the better yield and likely offers stronger distribution growth in the near term. The monthly payout is also a bonus for retirees looking to put some extra cash in their pocket on a regular basis.

As such, I would probably make Altagas the first choice today.

### **CATEGORY**

1. Dividend Stocks
2. Investing

### **TICKERS GLOBAL**

1. TSX:ALA (AltaGas Ltd.)
2. TSX:RUS (Russel Metals)

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