3 High-Yield Dividend Stocks to Start a TFSA Income Portfolio

Description

Canadian investors are searching for ways to boost their savings and increase their income.

One popular strategy involves holding dividend stocks inside a Tax-Free Savings Account (TFSA) to ensure all of the distributions and potential capital gains go straight into your pocket.

Let's take a look at three high-yield stocks that might be of interest today.

Inter Pipeline (TSX:IPL)

IPL owns conventional oil pipelines, oil sands pipelines, natural gas liquids (NGL) extraction facilities, and a liquids storage business in Europe.

The company has navigated through the oil rout in good shape, and management has taken advantage of the downturn to add strategic assets at attractive prices, including the $1.35 billion purchase of two NGL extraction facilities and related infrastructure.

IPL has raised the dividend in each of the past three years, and more gains might be on the way. The company is evaluating $3 billion in new capital projects that could provide a nice boost to cash flow in the next few years.

The stock pays a monthly dividend of $0.135 per share for an annualized yield of 6.2%.

Russel Metals Inc. (TSX:RUS)

Russel Metals is a major player in the North American steel distribution market with metals service centres, steel distributors, and a division focused on supplying the energy sector.

The energy products business took a hit through the worst part of the oil rout, and the company's stock followed it down, but Russel Metals maintained its dividend through the tough times, and investors who got in at the beginning of last year are enjoying some nice returns.

The steel and energy markets are recovering, and the stock is benefitting as a result, up nearly 40% in the past 12 months.

Despite the strong rebound in the share price, the dividend still provides an attractive 5.4% yield.

Altagas Ltd. (TSX:ALA)

Altagas owns power, gas, and utility businesses in Canada and the United States. The company has grown through a combination of organic projects and strategic acquisitions, and that trend continues.

The stock is down more than 15% this year amid concerns about the company's $8.4 billion purchase of Washington, D.C.-based WGL Holdings. Altagas is trying to sell some non-core assets to cover part of the purchase and hopes to close the deal next year.

If all goes according to plan, management says the added cash flow should support dividend growth of at least 8% per year through 2021 after the assets are integrated into the portfolio.

At the time of writing, Altagas provides a yield of 7.4%.

The bottom line

All three companies pay dividends that should be safe. An equal position in each stock would provide an average yield of more than 6%.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

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2. TSX:RUS (Russel Metals)

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