



## Attention TFSA Income Investors: 2 Monthly Dividend Stocks Yielding 7%

### Description

Canadian retirees and other income investors are searching for ways to boost the returns they get on their savings.

This wasn't always a big deal, but interest rates have fallen to the point where the historic go-to options, such as GICs and savings accounts, simply don't provide adequate yield.

One option being employed by savers involves holding dividend stocks inside a Tax-Free Savings Account (TFSA). This protects any distributions from being shared with the taxman, as well as any capital gains that occur when the stocks are sold.

Let's take a look at two high-yield picks to see if they might be attractive today.

#### **TransAlta Renewables Inc.** ([TSX:RNW](#))

TransAlta Renewable is majority-owned by **TransAlta Corporation** and serves as a drop-down utility for the green-energy assets, including wind farms, hydroelectric facilities, and gas-fired power plants, as well as some pipeline infrastructure.

Earlier this year, TransAlta Renewables completed its South Hedland natural gas-fired power station in Western Australia. The company says the site is now in commercial operation and is expected to generate additional EBITDA of \$80 million per year for 25 years.

The stock is down on a dispute between the company and a subsidiary of Fortescue Metals Group (FMG) over the timing of the facility's commercial operation status. FMG is trying to terminate its power-purchase agreement connected to the site.

Management can't be too worried about the revenue or cash flow outlook. TransAlta Renewables raised its dividend by 7% when it announced the Q2 2017 results.

At the time of writing, the distribution provides a 7% yield.

## **Altagas Ltd. ([TSX:ALA](#))**

Altagas owns gas, power, and utility assets in Canada and the United States.

The company has grown through a combination of strategic acquisitions and organic projects over the years, and that trend continues.

Altagas recently completed an expansion at its Townsend gas processing facility and is making good progress on its North Pine NGL Separation Facility and the Ridley Island Propane Export Terminal (RIPET).

North Pine should be completed by the end of 2017, and RIPET could be in service by Q1 2019.

In addition, Altagas is working through its \$8.4 billion acquisition of Washington, D.C.-based WGL Holdings. The deal is expected to close in the first half of next year.

Management just raised the distribution by 4% and is targeting annual dividend hikes of at least 8% from 2019 to 2021.

The current monthly payout of \$0.175 per share provides an annualized yield of 7.4%.

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

Both companies continue to deliver dividend growth and [above-average yields](#).

With the recent pullback, TransAlta Renewables might be getting oversold. Altagas probably offers better dividend-growth prospects in the medium term.

If you have some extra cash, it might be of interest to add a bit of both stocks to your high-yield [TFSA income portfolio](#).

### **CATEGORY**

1. Dividend Stocks
2. Energy Stocks
3. Investing

### **TICKERS GLOBAL**

1. TSX:ALA (AltaGas Ltd.)
2. TSX:RNW (TransAlta Renewables)

### **PARTNER-FEEDS**

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

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