Retirees: 3 High-Yield Stocks for Your TFSA Income Portfolio in 2018

Description

Canadian pensioners are searching for ways to get better returns on their savings. One option involves holding dividend stocks inside a TFSA.

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Any distributions or capital gains generated inside the TFSA are tax-free, so the vehicle is appealing for retirees on a tight budget.

Since its inception in 2009, the TFSA's contribution room has grown to $52,000, which means investors can generate some impressive tax-free returns on high-yield dividend stocks.

Let's take a look at **Altagas Ltd.** (TSX:ALA), **BCE Inc.** (TSX:BCE)(NYSE:BCE), and **Enbridge Inc.** (TSX:ENB)(NYSE:ENB) to see why they might be interesting picks.

Altagas

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

Altagas recently completed the expansion at its Townsend gas-processing facilities and is making good progress on the North Pine NGL project and the Ridley Island propane export terminal.

In addition, Altagas is in the process of buying Washington, D.C.-based **WGL Holdings** for $8.4 billion.

The company just raised the dividend by more than 4%, and management is targeting annual dividend growth of at least 8% for 2019-2021 after the WGL deal closes.

At the time of writing, the distribution provides an annualized yield of 7.5%.

BCE

BCE completed its purchase of Manitoba Telecom Services earlier this year in a deal that moved the giant into top spot in the Manitoba market and set the stage for a stronger push into the western provinces.

The company is also buying AlarmForce and just launched Lucky Mobile, which is a new competitor in the low-cost prepaid mobile market.

BCE is best known for its phone, internet, and TV services, but the company's reach is much broader, with retail stores and a large media division that includes sports teams, a television network, specialty channels, and radio stations.

When the media assets are combined with the state-of-the-art wireline and wireless network operations, you get a powerful business that has the ability to interact with most Canadians on a daily basis.

BCE generates sufficient free cash flow to support its generous distribution. If you want a rock-solid dividend you can rely on for decades, this one is about as good as it gets.

BCE provides a yield of 4.7%.

Enbridge

Enbridge closed its $37 billion purchase of Spectra Energy in 2017, creating North America's largest energy infrastructure business.

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The company has $31 billion in commercially secured projects on the go, of which $22 billion should be completed in the next few years. As the new assets go into service, Enbridge plans to raise the dividend by 10% per year.

The company just bumped up the payout by 10% for 2018, and that comes on the heels of a 15% increase in 2017.

Management has identified $10 billion in non-core assets that will be sold, with $3 billion going on the block next year. Enbridge will use the proceeds to reduce debt and strengthen the balance sheet.

The dividend yield is currently 5.3%.

The bottom line

All three stocks should continue to pay above-average dividends. If you are looking for high-yield options for a TFSA income portfolio, Altagas, BCE, and Enbridge deserve to be on the radar.

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