

## Yield Investors: 2 Monthly Income Picks for Your TFSA in 2018

### Description

Canadian retirees and other income investors are searching for reliable high-yield dividend stocks to add to their TFSA portfolios.

Any Canadian resident who was 18 or older in 2009 now has up to \$57,500 in TFSA contribution room, so a portfolio of high-yield [dividend-growth stocks](#) can provide a nice boost to your monthly income stream.

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

### Inter Pipeline

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

The downturn in the energy patch has put some pressure on the company's conventional oil clients, but overall, IPL has weathered the storm in good shape.

In fact, management took advantage of the downturn to add strategic assets at attractive prices, including the \$1.35 billion purchase of two NGL extraction facilities from **The Williams Companies**.

IPL acquired the assets at a significant discount to the cost of building the plants, so investors might see decent returns on the investment as market prices improve. The deal also came with plans for a new plastics plant, and IPL recently gave the project the green light. The Heartland Petrochemical Complex is a \$3.5 billion development that should be completed by the end of 2021.

IPL just raised its monthly payout to \$0.14 per share. At the time of writing, investors can pick up an annualized yield of 6.5%.

Once the new assets are completed and begin generating additional cash flow, investors could see a nice boost to the distribution.

### 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 developments and strategic acquisitions, and that process continues today.

Altagas recently finished the expansion of its Townsend gas processing site and completed the new North Pines NGL facility. In addition, the company is making good progress on the Ridley Island propane-export terminal. All are located in British Columbia.

South of the border, Altagas is working through its \$8.4 billion purchase of Washington, D.C.-based **WGL Holdings**.

The deal has put some pressure on the stock amid investor concern about the debt load and planned asset sales, but management is convinced the acquisition will close this year as planned.

The existing assets are performing well, and Altagas recently increased the dividend by more than 4%. Once the WGL purchase is complete, Altagas expects to raise the payout by at least 8% per year for 2019-2021.

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

### **The bottom line**

High-yield stocks often carry more risk, so they should be used as part of a balanced [income portfolio](#). In the case of IPL and Altagas, the distributions should be safe, and the stocks still appear somewhat oversold, despite a move off the 2017 lows.

### **CATEGORY**

1. Dividend Stocks
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