Retirees: 3 Top Income Stocks With Attractive Yields for Your TFSA

Description

Canadian pensioners are searching for top-quality dividend stocks and REITs to add to their TFSA portfolios.

The strategy makes sense, as any income earned inside the TFSA is tax-free. That's right; you don't have to share it with the government.

Let's take a look at three companies that might be interesting picks right now.

Fortis Inc. (TSX:FTS)(NYSE:FTS)

Fortis owns natural gas distribution, power generation, and electric transmission assets in Canada, the United States, and the Caribbean. The company has primarily grown through acquisitions, and most of the investment in recent years has been in the United States.

The company has a five-year $14.5 billion capital program in place that should boost the rate base significantly and provide support for additional dividend increases.

Management plans to raise the payout by at least 6% per year through 2022. Fortis has increased the dividend every year for more than four decades, so investors should feel comfortable with the guidance.

The stock is starting to bounce back after a pullback through the end of last year, but still looks oversold. At the current price of $2.50 per share, investors can pick up a 4% yield.

RioCan Real Estate Investment Trust (TSX:REI.UN)

RioCan owns shopping malls across Canada. That might not sound like a great business to be in with all the news of department store closings, but RioCan's properties in the major centres are still in high demand.

Committed occupancy at the end of 2017 was 96.6%, and the lease renewal retention rate rose to 91.1% in 2017, up from 85.8% the previous year.

Regarding growth, RioCan is building up to 10,000 residential units over the next decade at its top urban locations.

Rising interest rates have triggered a sell-off in the REIT sector, and RioCan's unit price is down with its peers. Higher borrowing costs could cut into cash flow available for distributions, but the negative sentiment might be a bit overdone.

At the time of writing, RioCan provides a yield of 6%.

Enbridge Inc. (TSX:ENB)(NYSE:ENB)

Enbridge bought Spectra Energy last year in a monster deal that created North America's largest energy infrastructure business.

Spectra provided important gas assets and gave the development program a nice boost. Enbridge is currently working through $22 billion in near-term projects that should be completed through 2020. As the new assets go into service, management expects cash flow to improve enough to support dividend growth of at least 10% per year for 2019-2020.

A pullback in the energy infrastructure sector is giving investors a chance to buy Enbridge at an attractive price. At the time of writing, the stock provides a yield of 6.5%.

Is one more attractive?

All three companies provide distributions that should be safe. At this point, I would probably make Enbridge the first choice. The sell-off appears a bit overdone, and the dividend-growth outlook remains positive, despite some challenges in the sector.

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2. Energy Stocks
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2. NYSE:FTS (Fortis Inc.)
3. TSX:ENB (Enbridge Inc.)
4. TSX:FTS (Fortis Inc.)
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