



Attention Income Investors: 2 High-Yield Stocks to Jumpstart Your TFSA Returns

Description

Canadian income investors are searching for top stocks to put in their [TFSA](#) portfolios.

The strategy makes sense, as the payouts investors receive are 100% tax-free. In addition, when the time comes to cash out the investments, any capital gains are also yours to keep.

Let's take a look at two dividend stocks that might be attractive picks today.

Inter Pipeline Ltd. (TSX:IPL)

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

The stock has taken a hit over the past year amid the broader selloff in [energy infrastructure](#) stocks, but the pullback might be overdone.

Why?

IPL took advantage of the oil downturn to add strategic assets at attractive prices, including the \$1.35 billion purchase of two NGL extraction facilities and related infrastructure from The Williams Companies. The deal was completed at a significant discount to the cost of building the plants; thus, IPL could see solid returns on the investment as the market recovers.

The acquisition also came with plans for a new development, and IPL is now moving ahead with the project. The Heartland Petrochemical Complex is a \$3.5-billion undertaking that should be completed by the end of 2021. Once the facility goes into service, IPL says it should deliver long-term annual EBITDA of \$450-500 million.

The company raised the dividend in the fall and finished 2017 with a payout ratio of 62%, so the distribution should be safe.

At the time of writing, investors can pick up a yield of 7%.

BCE Inc. ([TSX:BCE](#))([NYSE:BCE](#))

Over the past year, BCE made two acquisitions and launched a new business.

The purchase of Manitoba Telecom Services bumped BCE into top spot in the Manitoba market and provided the communications giant with a strategic base in central Canada.

Later in the year, BCE announced plans to buy home security provider AlarmForce. The deal closed in January, providing BCE with another portfolio of products and services to offer its existing residential customer base.

Finally, BCE launched Lucky Mobile, a low-cost, pre-paid mobile business.

Rising interest rates have some investors worried that BCE could get hit as funds flow out of dividend stalwarts and into fixed-income alternatives. A transition should be expected, but the anticipation of a major exodus might be a bit of a stretch, and the pullback in BCE's share price since November of last year looks overdone.

The dividend should be rock solid, offering a yield of 5.4%.

The bottom line

Income investors finally have an opportunity to pick up a few high-yield stocks at reasonable prices. If you have some cash sitting on the sidelines, IPL and BCE deserve to be on your TFSA radar.

CATEGORY

1. Dividend Stocks
2. Investing

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Date

2025/07/19

Date Created

2018/03/20

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