



Retirees: 2 Top Income Stocks for a Dividend-Growth TFSA

Description

Retirees continue to seek out [reliable dividend stocks](#) to help supplement their pension payments and other retirement income.

A popular strategy to maximize the amount of money that goes into your pocket involves holding the shares inside a Tax-Free Savings Account (TFSA). As the name suggests, any income earned inside the TFSA is yours to keep. That's right; the taxman doesn't take any of the spoils.

The TFSA came into effect in 2009, and Canadians can now contribute up to \$57,500. At that level, a portfolio of dividend stocks with an average yield of 5% can generate \$2,875 in tax-free annual income.

Let's take a look at **TransCanada Corp.** ([TSX:TRP](#))([NYSE:TRP](#)) and **Power Financial Corp.** ([TSX:PWF](#)) to see why they might be attractive right now.

TransCanada Corp.

A quick look at TC's asset map provides a pretty good picture of the size and importance of this company in the North American energy infrastructure sector.

TC owns and operates natural gas pipeline systems, oil and liquids pipeline systems, natural gas storage, and power generation assets in Canada, the United States, and Mexico.

The natural gas assets make up the largest part of the business, with 91,900 km of pipelines supplying 25% of the natural gas used in North America.

Oil and liquids pipelines extend nearly 5,000 km in Canada and the United States, while the power-generation facilities supply 6,100 MW, which is enough to run six million homes. Wind and nuclear assets account for more than half of the total.

TC has grown through organic developments and strategic acquisitions. The company spent US\$13 billion to buy Columbia Pipeline Group in 2016 and is currently working through \$21 billion in near-term capital projects. Another \$20 billion in longer-term developments are in the portfolio.

Management intends to raise the dividend by at least 8% per year, as the new assets come into service through 2021. Any successful movement on the long-term opportunities would likely extend the dividend-growth guidance.

TC's current distribution provides a [yield](#) of 4.8%.

Power Financial

Power Financial is a great pick for investors who want to own a basket of Canadian and U.S. insurance and wealth management companies as well as some top European names without having to buy the individual stocks. The holdings include **Great West Lifeco**, **IGM Financial**, and **Pargesa Holdings**.

Great West has Canadian, U.S., and U.K. subsidiaries operating insurance and asset management businesses. IGM is a giant in the Canadian wealth management sector with nearly \$160 billion in assets under management. Its subsidiaries include Investors Group, Mackenzie Financial, and Investment Planning Counsel.

Pargesa owns positions in companies such as **Adidas**, **Pernod Ricard**, and **Total**.

Power Financial has raised the dividend in each of the past four years after putting increases on hold after the Great Recession. The current payout provides a yield of 5.7%.

CATEGORY

1. Dividend Stocks
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