



This Strategy Is the #1 Way to Earn Free U.S. Dollars From Your Canadian Stocks

Description

What if I told you that there was a way to get free U.S. dollars to buy your favourite stocks? That's right, no currency exchange, no commissions, just straight U.S. cash deposited into your account. And even better, how about having those U.S. dollars come from Canadian stocks so that the money is taxed more favourably than if you owned American dividend payers?

Well, Canada has a number of stocks that pay out their dividends in American dollars. And where dividends from American companies are subject to a withholding tax, these Canadian companies actually benefit from the Canadian dividend tax credit, making them even more appealing. The companies that pay these dividends often receive much of their earnings in American dollars, so they choose to report their financial results and pay dividends in that currency.

The trick is that you have to actively speak to your broker to have the dividends journaled to the U.S. side of your account. Usually, the dividends are automatically converted to Canadian dollars when the dividend is put into your brokerage account. But the exchange is often subject to a conversion fee, so you lose out somewhat on the transaction. If you tell the brokerage you want the dividends to be journaled to your U.S. dollar account, those dividends will remain in American dollars that you can then use to buy American stocks or convert when you so choose.

While there are a number of companies that pay U.S. dividends, the ones listed below are the ones I prefer. These were chosen due to their sectoral and geographic diversification, strong dividends, and growth potential.

Restaurant Brands International Inc. ([TSX:QSR](#))([NYSE:QSR](#))

With strong brands such as Tim Hortons, Burger King, and Popeyes Louisiana Kitchen within its fold, this company has a [lot of potential](#). The dividend currently sits at 2%, which includes a hike of 114.3% earlier this year. With growth like that, you will be building your U.S. dollars pretty quickly.

Franco Nevada Corp. ([TSX:FNV](#))([NYSE:FNV](#))

This company is probably the best precious metals royalties streamer there is. It consistently operates with a debt-free balance sheet and has a ton of cash on hand. It pays a modest dividend of 1.26%, but has raised that dividend consistently over the years. The company just made its 11 consecutive dividend hike of 4.3% in February.

Magna International Inc. ([TSX:MG](#))(NYSE:MAG)

As an [auto parts manufacturer](#), Magna has had some impressive results over the years. The company has pulled back from its recent highs on trade concerns, leaving it with a dividend of 2.22%. The dividend has grown considerably over the years, including its 20% March increase.

Algonquin Power Corp. ([TSX:AQN](#))([NYSE:AQN](#))

With a yield of 4.75%, Algonquin is the highest yielding of the stocks listed here. The company is mainly a renewable energy utility, with some natural gas operations. Algonquin recently raised its dividend by 10%.

Brookfield Asset Management Inc. Class A (TSX: BAM.A)([NYSE:BAM](#))

This holding company is known as one of the best capital allocators in the world. Through its various subsidiaries, BAM owns and operates numerous businesses around the world. It also pays out a 1.37% dividend including a 7% dividend increase earlier this year.

Putting it all together

As you can see, these companies pay excellent dividends that grow over time. And the best part is, these dividends are paid out in U.S. dollars. Remember, though, getting those U.S. dollars takes a bit of effort as you will have to call your broker to let them know you want the dividends to be journaled to your U.S. account, thus remaining in USD.

As always, check with your accountant regarding the tax implications of any investment strategy. Be aware that not all brokers offer this service, so you may have to do a bit of research to determine whether yours allows you to journal your shares. I can attest that it is worth the effort to gain USD that you can then invest in American stocks.

CATEGORY

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:BN (Brookfield Corporation)
3. NYSE:FNV (Franco-Nevada)
4. NYSE:MGA (Magna International Inc.)

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8. TSX:FNV (Franco-Nevada)
9. TSX:MG (Magna International Inc.)
10. TSX:QSR (Restaurant Brands International Inc.)

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