TFSA Investors: 3 Dividend Stocks That Pay More Than 5%

Description

If you're looking for stocks to put into your TFSA, there might not be a better time to buy than now. With many people doing a lot of tax-selling, dividend stocks are down and providing higher-than-normal yields.

Below are three stocks that can add a lot of dividend income to your portfolio.

Emera (TSX:EMA) is a strong utility stock that pays about 5.3% in dividends annually. It has rebounded over the past three months, but year to date it is still down more than 6%.

Emera can provide your portfolio with predictability and stability, as over the past five quarters its sales have not fallen below $1.4 billion. Some of the best reasons to buy utility stocks is that they have a lot of recurring revenue and they provide an essential service, ensuring that customers can't simply decide to forgo it.

That helps to provide the base for a strong dividend, which, in Emera's case, has increased over the years. The company has hiked its dividends at least once in each of the past five years. And during that time payouts have risen by 62%, averaging a compounded annual growth rate of more than 10%.

Currently, Emera trades around 1.5 times its book value and could be a great long-term buy.

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM) has continued to fall, and investors may not want to pass up this deal for much longer. The bank stock is yielding over 5.1%, and that's an incredible payout from one of the top banks in the entire country.

An opportunity like this doesn't come along often, as the stock has declined by 13% year to date. At this point, investors that buy today could take advantage of not only the high yield, but the upside the stock possesses as well.

The stock is down more than 15% from its 52-week high, and I wouldn't be surprised if it made up that difference in the coming year. Especially with interest rates climbing and the Canadian economy continuing to do well, there's little reason for the stock to be down.

It may not be until the new year that we see much of a recovery, but I would be surprised if we didn't see one in the weeks or months ahead.

Northland Power (TSX:NPI) hasn't struggled as much as the other two stocks on this list have, but it too is down this year, dropping more than 4% in its share price.

The company has consistently posted a profit in each of the past five quarters and in its most recent earnings achieved a year-over-year sales growth of 19%. Like Emera, Northland is a solid utility stock that won't generate wild swings for investors.

Although the company hasn't made many hikes to its dividend over the past few years, it still pays a solid 5.3% per year. And with payouts being monthly, investors can benefit from more frequent payouts than what you'd come to expect with a typical dividend stock.

Northland Power isn't a stock that you're going to expect significant growth or returns from. However, combined with its strong yield, it wouldn't be unreasonable to expect your total annual returns to come in higher than 7%.

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