TFSA Investors: 2 Stocks That Recently Raised Their Payouts

Description

In 2019, the Canadian government gave investors a nice little increase to the annual TFSA contribution limit. Investors will be able to contribute an additional $6,000 to their TFSA this year, which is an increase from prior years where it was $5,500. The increase will allow you to shield more of your investments from the tax man. Deciding what to put into there, however, is a different issue altogether.

An option that's always popular for a TFSA is a good dividend stock, particularly one that increases its payouts over time. Dividend growth stocks allow you to earn more on your initial investment and will (hopefully) rise enough to offset the effects of inflation. That's a big bonus over dividend stocks that simply remain constant over time. If you're not sure which stocks to add to your TFSA, consider the two listed below that recently raised their rates and that could provide your portfolio with some strong dividend income for the foreseeable future.

Restaurant Brands International Inc. (TSX:QSR)(NYSE:QSR) announced on Wednesday that it will be raising its quarterly dividend payments from US$0.45 to US$0.50. The stock has come a long way over the years in terms of its dividend. Back in 2015, it was paying as little as US$0.09 per share. To start 2018, the company significantly accelerated its dividend when it more than doubled its quarterly payments.

With another strong increase this year of over 11%, Restaurant Brands is now paying its shareholders US$2 for each share that they own. Currently, that amounts to a yield of around 3.4% once you factor in the exchange. With dividend payments in U.S. dollars, Canadian investors will be able to take advantage of a stronger U.S. currency for however long it may last.

Restaurant Brands has transformed itself from being a non-factor for dividend investors to now paying a fairly high yield, which will likely entice people to buy the stock despite the company's struggles. However, I would still be cautious on buying it until we see some tangible improvement in Tim Hortons, which should have a lot more opportunity for growth than Burger King, but that hasn't been the case lately.

MTY Food Group Inc (TSX:MTY) is another food stock that recently raised its payouts as well. Like

Restaurant Brands, MTY hiked its payouts by the double digits, raising dividend payments by 10%, from 15 cents a share up to 16.5 cents. The company has been careful to balance dividends with cash flow needed to facilitate growth, and stated so in its release: “This increase will in no way affect our ability to aggressively pursue our growth strategy, whether organic or via acquisitions. We continue to expect great momentum in the growth of the company in the years to come.”

That’s great news for investors, as MTY has dozens of brands in its portfolio. It’s a much different model than Restaurant Brands, which has just three restaurant chains that it’s developing. Instead, MTY has opted for the smaller companies that can give it a bit more flexibility and a more diverse set of customers as well, ranging from health-conscious to junk-food lovers.

With the dividend increase, MTY is still paying slightly under 1% annually. It has a long way to go to get to where Restaurant Brands is today, but it’s a good option for investors who want growth along with dividends.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. TSX:MTY (MTY Food Group)
3. TSX:QSR (Restaurant Brands International Inc.)

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