TFSA Investors: 3 Stocks That Pay up to 7.8% to Help Boost Your Savings

Description

A TFSA is a great place for investors to store dividend stocks, since they'll help grow the account, and eligible investments won't trigger any tax consequences either. Below are three stocks that could be great options to hold long term in your TFSA that can provide you with both dividend income and capital appreciation along the way.

BCE (TSX:BCE)(NYSE:BCE) is solid dividend stock you can add to your TFSA that you won't have to worry about. The company has very stable and predictable earnings that ensure it isn't going to take investors on any wild rides along the way. Although the stock struggled in the past year and only grew 4% over the past 12 months, if we look at the past decade, BCE has risen by more than 130%.

However, you're likely not going to see any big spikes in price, even if the company has a strong earnings report. BCE simply isn't the type of stock that generates a lot of hype or excitement around it, so the impact of any news, whether good or bad, will always be a bit muted than if it were a tech stock, for example. And that's a good thing, especially if you just want to collect a dividend and some modest long-term growth.

TransAlta Renewables (TSX:RNW) might not offer the same stability as BCE, but it makes up for it with its terrific growth potential. The renewable energy company is growing at a modest pace, and with less than $500 million in sales in the past four quarters, it still has a lot more room to grow, as demand for renewable energy will only rise in the years to come.

TransAlta knows that investors will need to be patient with the stock until demand is much stronger, and that's why the stock pays a very attractive yield of 7.8% per year. Not only do investors get a high yield for holding the stock, but payouts are also made in monthly intervals and can be very helpful for investors that want to see much more frequent cash flow.

Year to date, the share price has risen by 16%, and at a price-to-book ratio of around 1.4, it remains a good value buy today.

Algonquin Power & Utilities (TSX:AQN)(NYSE:AQN) is a growth stock that's made much more progress than TransAlta has over the years. With sales of US$1.7 billion over the past four quarters, the company's top line has more than doubled since 2016 when it recorded revenues of US$815 million. The utility provider has generated a strong, reliable bottom line over the years as well, as it proves to be a growing, yet stable option for investors.

As a result, it has been a popular stock pick, as in the past year it has grown by 13%, and it's taken just five years for it to double. And not only do you get some great growth with the stock, but Algonquin also pays a growing dividend that currently yields about 4.5% per year. With dividends being in U.S. dollars, Canadian investors can also take advantage of a stronger U.S. currency.

CATEGORY

1. Dividend Stocks
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3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:BCE (BCE Inc.)
5. TSX:RNW (TransAlta Renewables)

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