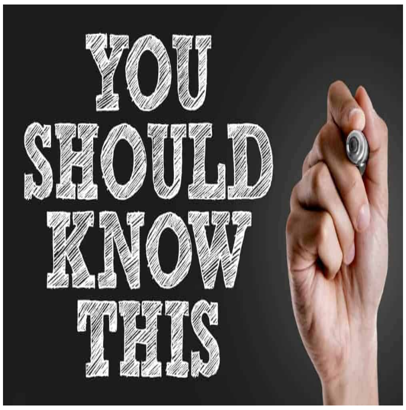

3 Top High-Yield Dividend Stocks to Buy in 2019

Description

I don't recommend that investors chase yield. It can be a risky strategy and at times, a high yield can be a red flag. It can also precede an impending dividend cut. That said, there are plenty of safe and sustainable high-yield options for investors.

Typically, these aren't your high growth stocks and they are most suitable for retirees or those nearing retirement. With that in mind, here are three top dividend stocks yielding above 6% with a history of raising dividends.

A top energy stock

Enbridge (TSX:ENB)(NYSE:ENB) is one of the largest energy stocks in the country. In the back half of 2018, Enbridge consolidated all of its sponsored vehicles. The net impact is increased efficiencies from a less complicated organizational structure.

As a Canadian Dividend Aristocrat, Enbridge has a 23-year dividend growth streak, ranking it among the top 10 longest in the country. The company currently yield's 6% and has a history of double-digit dividend growth. Following the re-structure, Enbridge is expected to support annual dividend growth of 10% through 2020.

The dividend is well covered and its payout ratio as a percentage of expected 2019 cash flows is only 66% at the mid-range of guidance.

A top real estate stock

Brookfield Real Estate Services (TSX:BRE) has rebounded from a difficult 2018. Year to date, its share price has risen by approximately 16%. The company pays out a hefty 7.98% dividend and in 2019, it achieved Canadian Dividend Aristocrat status for the first time.

Although Brookfield's cash flow from operations (CFFO) decreased to $2.38 per share in 2018 from

$2.55 in 2017, it still covers its current dividend. On an annualized basis, the company is expected to payout $1.35 per share in dividends, which is only 56% of CFFO.

The company is navigating a challenging real estate market, but with plenty of flexibility to navigate these uncertain times. On a positive note, the new Federal budget is expected to once again spur home sales thanks to its plan to support first-time home buyers.

A top pipeline stock

Inter Pipeline (TSX:IPL) has been a favourite of dividend investors for quite some time. Not simply because of its attractive yield (7.73%) but because it also pays out its dividend monthly. For those looking for reliable monthly income to support themselves in retirement, Inter Pipeline is an attractive choice.

The company has a 10-year dividend growth streak and has grown dividends by low to mid single digits. That said, what it lacks in dividend growth it more than makes up for in yield — one that's nearing 10-year highs.

Worried about a dividend cut? Don't be. The company's effective dividend payout ratio is only 60% of funds from operations (FFO).

Foolish takeaway

If you are looking for high-yield stocks, there is no need to look any further. All three companies mentioned have a high yield and a history of raising dividends. Likewise, dividends are well covered by cash flows and as such, provide investors with a reliable level of safety.

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1. Dividend Stocks
2. Energy Stocks
3. Investing

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