TFSA Investors: 3 Stocks to Help You Build an Income Juggernaut

Description

The tax-free savings account is an appealing growth vehicle for Canadian investors, especially considering that its cumulative contribution room allows for more flexibility than ever. This expanded base can also provide a platform to build a tax-free income juggernaut.

The three stocks we will look at today average a roughly 5% dividend yield combined. The cumulative contribution room in a TFSA in 2019 is $63,500, which means that these three dependable equities can provide over $3,000 in tax-free income during the year if an investor poured all of their contribution room into these three stocks.

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM)

CIBC is the fifth-largest bank operating in Canada. Shares of CIBC were up 9% in 2019 as of close on April 23. The stock was largely flat year over year.

Earlier this month I explained why CIBC was one of my top bank dividend stocks to own. CIBC's first-quarter results were a mixed bag as poor performance in its Capital Markets segment was a drag on earnings. However, the bank still announced a hike in its quarterly dividend from $1.36 per share to $1.40 per share, which represents a 5% yield.

CIBC has achieved dividend growth for eight consecutive years. Canadian banks have been a historically stable option for investors, and CIBC stock has returned over 100% in capital growth for investors. Its rock-solid dividend is an added boon in any TFSA.

Fortis (TSX:FTS)(NYSE:FTS)

Fortis is one of the top utilities operating in Canada. Shares of Fortis were up 9.1% in 2019 as of close on April 23. The stock had climbed 16.5% over the prior year. Back in early November I recommended Fortis as a must-own in what was a choppy market at the time.

The company is expected to release its first-quarter results for 2019 in early May. Fortis had a good 2018 and reported annual net earnings of $2.59 per share. It boosted its five-year expenditure plan 20% over the previous year's plan to $17.3 billion in order to improve its rate base. Fortis also reaffirmed its annual dividend growth target of 6% through 2023.

Fortis last announced a quarterly dividend of $0.45 per share, which represents a 3.6% yield. The company has achieved dividend growth for 45 consecutive years, and it is well on its way to claiming a dividend crown in the 2020s.

Cineplex (TSX:CGX)

Cineplex operates chains of movie theatres and location-based entertainment centres across Canada. The stock was down 3.9% in 2019 as of close on April 23. Shares were down 21.5% from the prior year.

Cineplex stock had a rough end to the calendar year in 2018 after a disappointing Q3 2018 report. The fourth-quarter report was also dim and full-year attendance fell 1.6% to 69.3 million for the full year. There are good signs for the cinema industry in 2019, as several huge releases are on the slate for the spring, summer, fall, and early winter. Cineplex has worked to diversify, but it still relies on a healthy cinema industry. Investors should expect a soft first quarter, but Cineplex and the North American box office should see a boost in the final three quarters of the year.

Cineplex currently offers a monthly dividend of $0.145 per share, which represents an attractive 7.1% yield. Cineplex is the riskiest hold of the bunch in this article, but it is a high-reward play this spring.

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2. NYSE:FTS (Fortis Inc.)
3. TSX:CGX (Cineplex Inc.)
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Author
aocallaghan