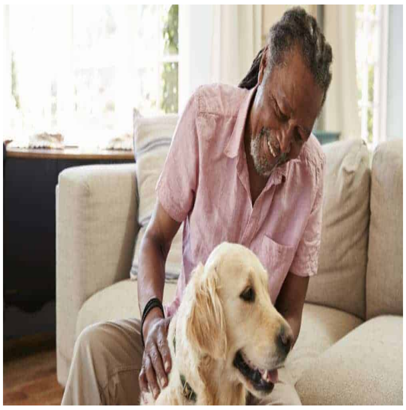

3 Cheap Canadian Dividend Stocks for Retirees

Description

Pensioners are searching for reliable dividend stocks to stick inside their TFSA portfolios.

The TFSA has enabled Canadian retirees to shelter investment income that would otherwise be taxed and used in calculations for determining potential clawbacks. Since its inception in 2009, the TFSA contribution limit has grown to $63,500, giving seniors an opportunity to protect some decent annual earnings that can go a long way to help pay the bills.

Let's take a look at three top Canadian companies that appear reasonably priced right now and offer attractive dividends.

Bank of Nova Scotia (TSX:BNS)(NYSE:BNS)

Bank of Nova Scotia has invested billion of dollars in recent years to build a large operation in Latin America, with a specific focus on the Pacific Alliance countries of Mexico, Colombia, Peru, and Chile. The trade bloc allows the free movement of goods, capital, and labour among the four markets, which are home to a combined population of more than 225,000 consumers.

Significant growth opportunities exist for both personal and commercial banking products and services, and Bank of Nova Scotia's presence in all four countries gives it an advantage. The international division already accounts for more than 30% of Bank of Nova Scotia's total profits.

The stock currently trades at an attractive 10.5 times trailing earnings, and investors who buy today can pick up a yield of 4.9%.

Inter Pipeline (TSX:IPL)

Rough times in the Canadian energy patch have taken a toll on players in the midstream segment, but the sell-off appears overdone in some cases. IPL, for example, has diversified revenue streams coming from gas-processing facilities, oil sands pipelines, conventional oil pipelines, and a liquids storage business in Europe. When one group has a tough quarter, the others tend to pick up the slack.

IPL is building a $3.5 billion polypropylene plant that is expected to go into service in late 2021. This should boost EBITDA by $450-500 million per year to provide additional support for the generous dividend. The payout ratio was 60% for the full year 2018, and while funds flow dipped a bit in Q1 2019, the distribution is still easily covered. At the time of writing, IPL provides a yield of 8%.

Telus (TSX:T)(NYSE:TU)

Telus is a leader in the Canadian communications sector with wireless and wireline networks providing mobile, internet, and TV services to customers across the country.

Telus has a long history of dividend growth, and that trend should continue. Free cash flow took a hit in recent years due to costs incurred for a major network upgrade, but the situation is improving now that Telus has passed the peak of the capital program. The current payout provides a yield of 4.5%.

The stock is up about 10% in 2019 and should still be attractive for buy-and-hold income investors.

The bottom line

Bank of Nova Scotia, IPL, and Telus all pay solid dividends that should be safe. An equal investment in the three stocks would provide and average yield of 5.8%.

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