



## TFSA Investors: 3 Safe Dividend Payers Yielding up to 6.3%

### Description

There are few investing trends more powerful than a fully-stacked TFSA and patience to let the compounding effort work its magic. It's not hard to turn a relatively modest series of contributions into [some serious money](#).

Dividends help a TFSA get even bigger faster, especially if you're putting that cash to work.

Let's take a closer look at three of Canada's top dividend payers — great stocks that would look fantastic in your TFSA over the long term.

### Enbridge

I'm a big fan of buying **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) shares on any dip. And thanks to recent issues surrounding the company's potential Line 5 replacement program in Michigan, shares have dipped to levels not seen since February. The stock currently trades hands for just under \$47 per share.

Enbridge is an energy behemoth — the kind of company you have to own for the long term. It transports nearly two-thirds of Canada's total crude oil exports to the United States, safely delivering billions of barrels of oil to refineries. The company owns thousands of kilometres of natural gas pipelines as well as North America's third-largest natural gas utility. Finally, Enbridge generates some 1,700 megawatts of renewable energy from a fleet of solar- and wind-fueled power plants.

Put this all together, and we have a company that generates gobs of recession-resistant cash flow, ample amounts to pay back the interest on the debt and give investors one of the best dividends out there. Shares currently yield 6.3%, and management has promised to grow the payout by some 10% annually through 2020. Enbridge has grown its dividend each year since 1998 and has paid the payout for 64 consecutive years.

### Algonquin

**Algonquin Power and Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) is a little unique in the boring world of utilities. The company is a [strong growth play](#), as management looks to acquire all sorts of smaller operators. Recent acquisitions include buying Enbridge's New Brunswick natural gas business and the purchase of natural gas assets in upstate New York.

Algonquin isn't just a utility operator, however. The company also has a robust power generation division, which focuses on owning renewable energy assets. Some 80% of power generated comes from wind turbines. The power division is no slouch, generating some 1.5 gigawatts of energy every year. That's enough to power more than a million homes.

Algonquin is still quite small when compared to more mature utility operators, which bodes well for growth plans hitting the bottom line. It plans to build US\$1.7 billion worth of power plants in the next few years as well as making additional utility acquisitions. It's not hard to like these expansion plans.

Algonquin pays a 4.6% dividend today with industry-leading dividend-growth potential going forward. I can easily see the company hiking its payout by 10% annually over the next five years.

## Crombie REIT

Owning grocery-anchored real estate doesn't look like a sexy business on the surface, but an investment in **Crombie Real Estate Investment Trust** ([TSX:CRR.UN](#)) comes with an interesting combination of current yield today and growth for the future.

Let's start with that dividend, which currently stands at \$0.074 per share each month. That's good enough for a 5.9% yield. The payout ratio is sound, so investors don't have to worry about the security of the payout.

Next up is Crombie's growth plans. The company is sitting on all sorts of valuable real estate — locations acquired decades ago. Some of these properties are ripe for redevelopment, like its Davie Street project in Vancouver. This project will turn a Safeway store into a mixed-use facility that will house commercial and residential space.

Crombie has additional opportunities to do similar projects in Canada's largest cities. Once completed, the first wave of these redevelopments could add \$1-\$2 per share in net asset value to the company — a significant amount for a stock currently trading at just over \$15 per share.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:CRR.UN (Crombie Real Estate Investment Trust)

5. TSX:ENB (Enbridge Inc.)

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