Solid Dividend Stocks for Your TFSA Income Portfolio Today

Description

Income investors are constantly searching for top-quality dividend stocks to add to their TFSA portfolios.

The strategy is particularly useful for retirees who are forced to take money out of their RRIF and need a spot to put it to earn additional returns. Inside the TFSA, the distributions are tax-free, so pensioners can pocket the full value of the payouts.

In addition, the earnings are not counted toward annual income, which is important when trying to avoid a clawback on OAS payments.

Let’s take a look at three reliable dividend stocks that might be interesting picks today to add to your income fund.

BCE

BCE (TSX:BCE)(NYSE:BCE) is Canada’s largest communications company with assets running the full spectrum of the sector. The company not only offers mobile, TV, and internet services, it also owns a media division that includes a television network, specialty channels, sports teams, radio stations, websites, and an advertising business.

In addition, BCE operates retail locations across the country. In effect, BCE has the capacity to connect with most Canadians either directly or via another service on a daily basis.

Every time someone sends a text, makes a call, streams a movie, listens to the news, or sends and e-mail, the odds are pretty good that BCE is involved somewhere along the line.

The company raised the dividend by 5% earlier this year, and the steady distribution hikes should continue. BCE is forecasting free cash flow growth of 7-12% for 2019. Investors who buy the stock today can pick up a nice 5.3% yield.

Canadian Natural Resources Ltd.

Canadian Natural Resources (TSX:CNQ)(NYSE:CNQ) is Canada's largest natural gas producer and a major oil producer with oil sands, conventional light and heavy oil, offshore oil and liquids production assets.

The company has a strong balance sheet with the financial clout to make strategic acquisitions when opportunities arise. For example, it just announced a $3.8 billion deal to buy Devon Energy's oil sands assets. The sites are located near existing CNRL operations.

CNRL generates strong cash flow and is good at sharing the profits with investors. The company raised the dividend by 12.5% in 2019 and is buying back shares while also paying down debt. The current dividend provides a yield of 4%.

Is one a better bet?

BCE and CNRL should continue to be solid picks for a dividend-focused portfolio. At this point, CNRL appears oversold, so I would probably make the oil and gas producer the first choice today.

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TICKERS GLOBAL

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2. NYSE:CNQ (Canadian Natural Resources)
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