TFSA Investors: 3 Passive Income Stocks Yielding Up to 7.8%

Description

There aren't many things better in life than making money while doing nothing. A TFSA allows you to do just that — earn a lot of passive income that's also tax free. That's why picking the right dividend stocks is important.

Below are three that look particularly good with yields as high as 7.8%.

Canadian National Railway Company (TSX:CNR)(NYSE:CNI) may not pay the biggest dividend, but it's one of the largest stocks on the **TSX** and one that investors can feel comfortable holding in their portfolios over a long period. Transporting products and materials via rail has a long history and it's not likely to fall in popularity anytime soon.

Other means of transportation are simply too expensive or too slow to be real threats to rail, which is why a company like CN Rail isn't going to be running out of business anytime soon.

While investors might be disappointed that the stock yields just 1.7% today, the good news is that the company has been raising its dividend over the years. Quarterly payments of 25 cents five years ago have grown to 54 cents, averaging an annual growth rate of 17%.

Although that's not a guarantee to continue, given the relatively low payout today, there's definitely room for the company to continue increasing dividend payments. And so over the long term, investors can be earning a lot more on their investments than they will be today.

Inter Pipeline Ltd (TSX:IPL) is an investment that's already producing strong yields today. At around 7.8%, the stock pays investors a very high payout. While there might be some concerns as to its ability to continue, the company has also increased its dividend payments over the years. The biggest catalyst behind the high yield is simply that the stock price has fallen more than 30% over the past five years.

However, with OPEC recently agreeing to extend production cuts and the Trans Mountain getting the green light to go ahead, the tide may finally be turning for the industry, which could help lead to a turnaround for the stock.

Inter Pipeline is definitely a riskier buy — one that you probably shouldn't just buy and forget; it has the potential to generate impressive returns for investors who take a chance on the stock today.

Bank of Nova Scotia (TSX:BNS)(NYSE:BNS) is a great option for investors, as with bank stocks sluggish this year, it could be a great time to score some great deals. With Bank of Nova Scotia currently paying shareholders a dividend of around 4.9%, you could be earning some great dividend income while getting the stock at a cheap price. Similar to the others on this list, its payouts have risen over the years as well.

In the last 12 months, Scotiabank's stock has fallen by more than 5% despite the bank seeing net revenues rise by 11% in its most recent quarter. Long term, this is still one of the safer buys that investors can hold today.

With a strong presence in Latin America, there are many growth opportunities available for Scotiabank as well, providing investors with a good mix of value, dividends, and growth.

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2. NYSE:CNI (Canadian National Railway Company)
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4. TSX:CNR (Canadian National Railway Company)

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