Attention Boomers: 3 Stocks to Boost Your Pension Income

Description

Canadians over the age of 55 are searching for reliable income sources to complement their company and government pension plans.

One popular strategy involves holding dividend stocks inside a self-directed TFSA.

The distributions are protected from the tax authorities, which means the full value of the payouts can go straight into your pocket. For investors already collecting OAS, the income doesn't count toward the annual earnings calculation the CRA uses to determine potential OAS clawbacks.

Let's take a look at three stocks that might be interesting picks today.

Power Financial

Power Financial (TSX:PWF) is a holding company that has controlling interests in a number of Canadian wealth management and insurance operations that include **Great-West Lifeco**, **IGM Financial**, and Wealthsimple. It is also part owner of a European company that invests in a range of the continent's top global businesses including **Total**, **Pernod Ricard**, and **adidas**.

The stock is an attractive option for investors who want to add a financial company to the portfolio that isn't a Canadian bank.

Power Financial raised the dividend by 5% earlier this year and recently repurchased $1.65 billion in shares. The current dividend provides a yield of 6.2%.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) is a North American utility with more than $50 billion in assets. The majority of the revenues comes from regulated businesses, meaning the cash flow should be very reliable.

Fortis grows through strategic acquisitions and organic developments. Recent purchases have focused on the United States, including the US$11.3 billion acquisition of Michigan-based ITC Holdings and the US$4.5 billion takeover of Arizona-based UNS Energy. The current capital program will see Fortis spend more than $17 billion through 2023 on a variety of projects that will significantly increase the rate base.

As a result, the board intends to raise the dividend by an average annual rate of 6% over the next four years. Fortis has increased the payout every year for more than four decades.

The current dividend provides a yield of 3.5%.

TC Energy

TC Energy (TSX:TRP)(NYSE:TRP) is the new name for TransCanada. The company made the change to better reflect the overall operations. TC Energy is a major player in Canada, the United States, and Mexico with natural gas and oil pipelines as well as power-generation assets.

TC Energy has $30 billion in secured growth projects underway with $7 billion scheduled for completion in 2019. The company reported strong Q1 2019 results and is monetizing non-core assets to help fund the large development program.

As the new assets go into service, cash flow should increase enough to support ongoing dividend hikes of 8-10% through 2021. The $0.75-per-share quarterly distribution translates into an annualized yield of 4.6%.

The bottom line

Power Financial, Fortis, and TC Energy should be solid picks for an income-focused TFSA portfolio. All three pay reliable dividends that continue to grow and offer attractive yields.

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