TFSA Investors: Build a "Mini Pension" With These 3 High-Yield Dividend Stocks

Description

Do you want to build yourself a "mini pension" that meets or exceeds your future CPP benefits?

If so, it pays to invest in dividend stocks. Although non-dividend stocks can generate income through periodic selling, dividend stocks let you generate cash payouts without cutting your stake. This makes them "all-weather" income plays that can pay you even in the worst bear markets.

However, all income investors need to keep one thing in mind: *not all dividend stocks are created equal*. While all dividend stocks deliver cash payouts, the similarities end there. Because of the differences in overall quality, dividend stocks may be worse (or better) than their present yields betray. In fact, some of the highest-yielding dividend stocks are the ones you should scrutinize most carefully, as their payouts may be cut in the future.

In this article, I'll explore three high-yield dividend stocks whose income is ultra-reliable and growing. I'll start by discussing one of Canada's most beloved energy stocks.

Suncor Energy

Suncor Energy (TSX:SU)(NYSE:SU) is one of Canada's largest and oldest energy companies. Since it went public in 1992, it has gone up 5173% — an incredible return. Suncor's gains have been powered by its high-margin operations and by relatively strong oil prices. As of this writing, the Canadian Crude Index was at $40, which is almost double where it was at in December 2018.

As a direct oil exploration and marketing play, Suncor benefits when oil is strong. This year, the company raised its dividend by 17%, bringing its yield to 4.5% at current prices.

Genworth MI Canada

Genworth MI Canada (TSX:MIC) is a mortgage insurance company based in Oakville, Ontario. The company is seeing strong growth in its insurance premiums, despite overall sluggishness in Canadian mortgage growth.

In its most recent quarter, the company posted operating income of $120 million (up 2% year over year) and diluted EPS of $1.38 (up 5% year over year). These growth figures aren't exactly earth-shattering, but they're solid for a mortgage insurer at a time when Canadian mortgage growth is slowing down.

MIC shares pay a dividend that yields 3.9% and has been gradually rising for each of the past three years.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is Canada's most prominent pipeline company. It operates one of the world's largest pipeline systems, which spans over 5,000 kilometres and ships over 1.4 million barrels of oil per day.

Enbridge is working on several projects that could increase its earnings. One project, the Line III replacement, has been delayed but seems likely to go ahead eventually. It would increase the company's Line III capacity by replacing the existing pipes with wider ones.

In its most recent quarter, Enbridge's adjusted earnings came in at $1.3 billion — a solid 23% increase. If such strong earnings growth continues, we can expect the company to raise its dividend as well. Speaking of which, Enbridge's current dividend yield is 6.67%, and the payout has been increasing by about 12% per year on average.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:ENB (Enbridge Inc.)
4. TSX:SU (Suncor Energy Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Energy Stocks

3. Investing

Date
2025/09/15
Date Created
2019/08/05
Author
andrewbutton