



## TFSA Investors: 3 Top Stocks Yielding Up to 6.9%

### Description

My TFSA is filled with steady dividend stocks that are poised to deliver both consistent income and moderate capital gains over time. These should combine to an 8%–10% long-term return, which isn't half bad.

In fact, it's enough to easily grow my TFSA into [something worth seven figures](#). Combine that with my wife's account – which is also right on track to eventually surpass \$1 million – and I figure we're just about set for a comfortable middle class retirement. Any payments we might get from CPP or other pensions will be just a bonus.

The tough part is choosing which stocks to include in our TFSAs. There are thousands of stocks that trade on North American stock exchanges, and the vast majority of those I wouldn't touch with a 10-foot pole.

Here are three dividend payers that I would consider – they would look great in your TFSA, too.

## Canadian Western Bank

**Canadian Western Bank** ([TSX:CWB](#)) is an Edmonton-based bank that focuses on banking, trust, and wealth management services for business and commercial clients across Canada. Some of the company's specialties include mortgages for developers, equipment financing, and providing start-up capital for franchise owners.

After really only being active in Western Canada – hence the name – the company has made an effort to expand operations into Ontario and Quebec. At the moment, 65% of its loans are made to borrowers in B.C. and Alberta, but these expansion efforts have pushed the percentage of the portfolio lent in Ontario and other eastern provinces up to 27% of total loans.

This strategy has helped the bank post solid profit growth when many of its peers are struggling to increase the bottom line. Canadian Western Bank's most recent quarterly profit was up 10% versus the same period last year.

Finally, the stock pays a solid 3.3% yield with a history of dividend increases behind it. In fact, the company just hiked its dividend 8% in August.

## Algonquin Power and Utilities

If Canadian Western Bank was a little too exciting for you, don't worry. **Algonquin Power and Utilities Corp** ([TSX:AQN](#))([NYSE:AQN](#)) is much more boring.

The company is a mixture of two different businesses. The first is owning a number of electric, natural gas, and water utilities, which combine to serve approximately 750,000 households. The company is also the holder of a large, diverse group of power plants, when then sell energy to various utilities. Together, these combine to deliver plenty of predictable cash flow.

The company still has a lot of growth potential, too. It's in the middle of a five-year capital investment plan worth more than US\$6 billion. And it has also acquired its first utility business in Canada; it'll add 12,000 natural gas customers in New Brunswick once regulators approve the deal.

Algonquin has raised its annual dividend each year since 2010, including a 10% raise back in May. Shares currently yield 4.2%.

## Inter Pipeline

After momentarily spiking after [buyout rumors](#) swirled around the company, **Inter Pipeline Ltd.** (TSX:IPL) shares are again back to a good long-term buy point.

Inter Pipeline is unique because the vast majority of its pipeline and other energy service assets are located in Alberta, which is much more friendly to oil and gas producers than other parts of the country. Its main assets are three pipelines that bring bitumen from the oil sands to Edmonton-area refineries. These pipelines are currently only running at about half total capacity, meaning it'll be easy to add to the bottom line once production from the area picks up.

Inter Pipeline is also working on the Heartland Petrochemical Complex, a \$3.5 billion project that will use cheap Alberta propane to make various plastic resins that are used in the manufacture of everything from chairs to currency. When completed in late-2021, Heartland is projected to add \$500 million in EBITDA.

Investors shouldn't expect crazy dividend increases until Heartland is paid for, but the stock still yields a robust 6.9% today. That's a great payout in today's low interest rate world.

### CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:CWB (Canadian Western Bank)

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