2 High-Yielding Dividend Stocks That Could Charge Up Your TFSA

Description

It's usually not a good practice to stuff your long-term savings account with high-yielding risky stocks. For investors using their Tax-Free Savings Account (TFSA), that approach might not work either, given the inherent risk in higher-yielding stocks.

But if you are on the hunt for higher yields, there are still some safe options available that you can consider, especially when returns on the bank savings accounts and GICs are close to nothing.

In this space, you can identify companies whose share prices have weakened due to temporary setbacks. That's usually the time when smart investors take advantage of the attractive valuations and lock in their juicy dividend yields.

Here are two dividend stocks that I think could prove a good long-term bet.

Enbridge Inc.

North America's largest pipeline operator, **Enbridge Inc.** (TSX:ENB)(NYSE:ENB), is a good candidate for your TFSA, with a juicy 6.6% dividend yield.

Enbridge stock, at $46.47, is trading close to its lowest forward price-to-earnings multiple in five years, hurt by a negative environment for Canadian energy stocks as a pipeline capacity shortage clouds their prospects for future growth.

But this weakness offers a great opportunity for long-term investors to buy top-quality stocks that regularly grow their dividends and are positioned to come back quickly once the capacity hurdles are out of the way.

Another reason to keep a top dividend stock like Enbridge in your TFSA is that when interest rates fall, these stocks become more attractive. And given the increasing risks to global growth following the U.S.-China trade dispute, both Bank of Canada and the U.S. Federal Reserve are forecast to cut rates.

Enbridge is a good defensive stock to hold on to when the economic headwinds are gathering pace. The company pays a $0.73-a-share quarterly dividend. The payout has been expected to rise 10% per year.

Inter Pipeline

Calgary-based **Inter Pipeline Ltd.** (TSX:IPL) is another high-yielding stock that could pay off big time down the road. Its yield, which is touching 7%, suggests that it's a risky bet that TFSA investors should avoid.

But IPL runs a diversified business in the energy infrastructure market. It operates a large pipeline network and 16 strategically located petroleum and petrochemical storage terminals in Europe. Its NGL business is one of the largest in Canada.

With its diversified operations, IPL is also expanding fast. In Canada, IPL is in the middle of building a $3.5 billion petrochemical complex near Edmonton to convert propane into polypropylene plastic.

On the dividend side, the company has been raising its payout annually, though at a slower rate recently amid lingering pressure on its stock price. That negativity is mostly linked with the troubles that Canada's energy companies are facing these days.

There's no doubt that IPL stock isn't for very conservative investors. The company has shown volatility in its earnings with a lot of debt on its balance sheet. But I think the company has the right mix of assets and a diversified revenue stream. In addition to this, IPL is in a strong growth mode that separates it from other risky dividend payers.

Bottom line

Enbridge and IPL are two high-yielding stocks that TFSA investors could find attractive due to their solid growth potential and strong cash flows.

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2. Energy Stocks
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