



TFSA Investors: 3 Top Dividend Stocks Paying up to 11.5%

Description

I firmly believe one of the most important keys to a secure retirement is a well-stocked TFSA.

If you're under 40 today, you're sitting on a golden opportunity to grow your TFSA into something that's quite impressive. Heck, it's easily possible to grow it into something worth seven figures.

Yes, that's right. Millennials reading this could easily become TFSA millionaires.

Then something really powerful happens. If your TFSA is invested in dividend stocks, it starts spinning off thousands of dollars in tax-free income, each and every month. This, combined with other sources of income like CPP payments, will be all you need for a comfortable retirement. You'll be able to sit back, relax, and spoil the grandkids.

Here are three great dividend stocks to get you started on your passive income journey, including one stock that pays more than 11%.

Bridgemarq

You likely know **Bridgemarq Real Estate Services** ([TSX:BRE](#)) better by its most prominent brand name, Royal LePage. The company also owns the trademark for other brands including Via Capitale and Johnston and Daniel. Together, some 19,000 Canadian realtors work under Bridgemarq's various brands.

The business model is relatively simple. The company makes money on royalty fees when agents use its brands. Revenue sources include monthly fees paid by every agent, fees paid by the brokerages themselves, and transaction fees. The company has tried to move away from transaction fees in the last few years, concerned about a potential slowing of the [Toronto real estate market](#), a key operating area.

With very little capital needed to operate a lean head office, Bridgemarq is free to pay back a large percentage of its net income to shareholders in the form of very generous dividends. The payout is

currently \$0.1125 per share each month, which works out to a 9.1% yield.

Chartwell

Chartwell Retirement Residences ([TSX:CSH.UN](#)), the owner of more than 200 retirement living communities in four provinces, is a terrific way to play a [massive long-term trend](#). The aging of baby boomers will open up many investment opportunities, including when these folks start moving into retirement homes in a big way.

The majority of Chartwell's assets are invested in what it refers to as independent supported living homes, which cater to seniors who are still fairly active. Some of the advantages to focusing on this space include less regulation, more easily increased rents, and the ability to hire cheaper, less specialized staff. This part of the market is also poised to grow at a nice rate, with one estimate saying the number of suites needed will increase to more than 1 million by 2035; there are just over 400,000 suites in Canada today.

With a solid balance sheet, relatively low payout ratio, and good understanding of its markets, Chartwell is well positioned to take advantage of this long-term growth. In the meantime, investors should be happy to sit back, relax, and collect a 4% yield, a payout that should continue slowly going up over time.

Chemtrade Logistics

Dividend investors should take immediate note of **Chemtrade Logistics** ([TSX:CHE.UN](#)) and its massive 11.5% payout. You won't find many dividends that yield more.

You might think the payout isn't sustainable, but there are a few reasons why I like the company's chances of maintaining it. First, it hasn't missed or cut the dividend since 2003. Second, the payout ratio is sound when we look at distributable cash flow. That metric checked in at \$0.44 per share for the second quarter; the payout during that same period was \$0.30 per share. Finally, some of the company's disappointing divisions started showing better results lately, too.

The chemical sector is competitive, and Chemtrade will never impress investors with its high profit margins. But demand is relatively steady, even during times of economic weakness. There's also more potential to increase the size of the company via acquisitions.

CATEGORY

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TICKERS GLOBAL

1. TSX:BRE (Bridgemark Real Estate Services Inc.)
2. TSX:CHE.UN (Chemtrade Logistics Income Fund)
3. TSX:CSH.UN (Chartwell Retirement Residences)

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