



## TFSA Users: Fight Inflation With 2 High-Yield Dividend Stocks

### Description

Rising prices as a result of inflation are always bad news for consumers. A gallon of milk that cost you \$3 yesterday could be selling for \$4 tomorrow. If prices of goods continue to rise, there's a way to fight it. You need to look for hedges against inflation, and usually, high-yield dividend stocks can keep pace with inflation.

For TFSA users, it is not advisable to hold cash in the account during an inflationary environment or in any other time. Your TFSA is your vehicle to grow money or create wealth. Idle money will only lessen your purchasing power when prices of goods are climbing. Reap the benefits of the TFSA by investing more in income-producing assets.

### Earn like a landlord

Investing in real estate doesn't mean buying properties. TFSA investors can generate income like a landlord by investing in a real estate investment trust (REIT) stock like **Plaza Retail** ([TSX:PLZ.UN](#)). This \$454.3 million REIT is often the last resort of people with no savings or having trouble saving money.

From 2015 to 2019, the average inflation rate in Canada is 3.13%. But as of August 2019, the annual inflation fell to a low of 1.9% due to lower gasoline prices. Consider this — Plaza Retail is currently paying 6.19%, which is way above the five-year average and current inflation rates.

Plaza Retail offers you the opportunity to generate income without actually owning investment properties. This REIT is a leading retail property owner and developer. Its portfolio consists of 277 properties across Atlantic Canada, Ontario, and Quebec.

REIT stocks in general are made for an inflationary environment. In the case of Plaza Retail, you will grow your TFSA balance faster because the yield far exceeds the inflation rate.

## Captured market

Another alternative to combat inflation is **Chemtrade** ([TSX:CHE.UN](#)). This \$970.4 million income fund provides industrial chemicals and services to customers in Canada, South America, and the United States. It's also one of the largest suppliers of sulfuric acid and other specialty chemicals in North America.

Chemtrade is a known dividend monster. The stock's 11.64% dividend is among the highest on the TSX. For a measly investment of \$10.50 per share, your TFSA balance could double in fewer than seven years. You're not maximizing the benefits of the account if you keep maintaining cash instead of investing.

Everyone from income seekers and [retirement planners](#) to individuals seeking to retire early should invest in Chemtrade. The company has been in the specialty chemicals business for over 18 years. Even its supply agreements and contracts have built-in inflation provisions as protection against rising commodity prices.

## Let your TFSA serve its purpose

The primary benefit of investing rather than holding cash in your TFSA is to keep your balance growing with or without the influence of inflation. However, if you have Plaza Retail and Chemtrade in your TFSA, you're mightily ahead of inflation.

The advice to TFSA users is not to squander the benefits of the TFSA by using it as a mere savings account when it is not. Investing in high-yield dividend stocks is a [money-growth strategy](#) and a countermeasure against inflation.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:CHE.UN (Chemtrade Logistics Income Fund)
2. TSX:PLZ.UN (Plaza Retail REIT)

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