TFSA Users: Grow a Mini-Pension With 3 High-Yield Dividend Stocks

Description

Some TFSA users go to the extent of growing a mini-pension to have another reservoir to draw money during retirement. This strategy works best if you're young or have an investment horizon of at least 20 years.

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The key is to invest in stable businesses that pay high dividends. **Inter Pipeline** (TSX:IPL), **Rogers Sugar** (TSX:RSI), and **Plaza Retail** (TSX:PLZ.UN) are your options. You'll spend $10.76 per share on the average but receive an average dividend of 6.82%

No money leak

No money should leak if you invest in Inter Pipeline. The business of this $9.2 billion company will keep generating cash flows, whether oil prices are high or low.

Inter Pipeline is not dependent on pricing but makes an enormous amount of money on volume. About 80% of its cash flows come from cost-of-service and fee-based contracts. The rest of the cash flows are supplementary earnings from margin-based sources.

As clients keep producing and transporting, Inter Pipeline will receive payments for the use of its pipelines. Oil and gas companies feel more secure shipping their production through the pipelines rather than by rail.

In the latest forecast, Alberta's oil and gas volume will grow until 2030. Hence, expect to receive an annual dividend of 7.7% regularly in the next decade, regardless of market conditions.

Sweet savings

The 6.7% dividend is the sweetener when you invest in Rogers Sugar. You spend $5.45 per share to buy the stock then wait for your TFSA balance to grow. This $562.3 million company has been operating since 1997.

The business of refining, packaging, and marketing sugar plus maple products is an ongoing concern. Sugar and related products are the needs of every consumer as well as industrial customers.

Rogers Sugar is nice to have when building a mini-pension because of the high dividends. Don't expect much on dividend growth and well as capital gains. However, it's a good investment for diversification purposes, especially when you pair it off with other high-yield stocks with dividend growth potentials.

The top line is rising, but there is increasing competitive pressure in the maple products segment. While sugar offers low growth, the business is stable, and the dividends are safe.

Fertile ground

The real estate sector is a fruitful investment ground, but you're better off investing in Plaza Retail. The REIT is a leading retail property owner and developer in Canada. You turn yourself into a quasi-landlord of 277 properties consisting of enclosed shopping centers, stand-alone retail outlets, and open-air centres.

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Many TFSA investors use Plaza Retail as a countermeasure to inflation. This REIT stock pays a handsome 6.19% dividend, which is higher than the nearly 2.0% annual inflation rate in Canada. You would be investing in an income-producing asset that serves as a hedge against inflation.

Regardless of the number of Plaza Retail shares you place in your TFSA, the value of your investment would double in less than 12 years. Because of its dominance in the retail space, Plaza Retail's balance sheet remains strong, and the yield is safe.

Matching pension

It would be advantageous to invest in the three stocks and create a mini-pension to augment your regular pension. The more income sources you have, the more enjoyable your retirement days would be.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. TSX:PLZ.UN (Plaza Retail REIT)
2. TSX:RSI (Rogers Sugar Inc.)

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