TFSA Investors: 2 Passive-Income Stocks Yielding 6-8% With More Going for Them Than Just Their Dividends

Description

Chasing yield with little to no consideration for the health of the dividend or a company's cash flows is a sure-fire way to get hit with a dividend cut.

And if you're using TFSA funds to invest in such unsustainably high dividends, you could be in for a one-two punch to the gut, as a buck within a TFSA is worth a heck of a lot more than a buck outside a TFSA once you gain a full understanding of the real power of long-term tax-free compounding.

This piece will have a look at two high-yielding dividend stocks with yields between 6% and 8% that aren't treading water, just waiting for the tides to turn in its favour. Both names are faring quite well and their high dividend yields are, in fact, by design and not merely a seemingly positive side effect of a stock's depreciation.

Without further ado, consider the following two dividend juggernauts for your TFSA if you're looking for higher income without a high risk of being the one left holding the bag in the event of a dividend reduction.

TransAlta Renewables

TransAlta Renewables (TSX:RNW) is a renewable energy company whose stock sports a bountiful 6.7% dividend yield. The stock has been on a tear over the past year, with shares now up over 42% from their December 2018 depths.

You could land a similarly sized dividend yield with a battered pipeline play that faces regulatory hurdles on its way to meaningful growth, but with a green play like TransAlta Renewables, you're in the good book of federal regulators and are being pulled towards future profitability rather than being dragged.

The green tailwind isn't going anywhere anytime soon, and despite the big run in the name over the past year, shares still look absurdly undervalued given the growth projects on the horizon.

The stock trades at 11.5 times EV/EBITDA and just 1.6 times book, a low price to pay for the calibre of business you're getting, and the robust dividend is likely to be accompanied by significant capital gains and dividend growth over the years head.

Inovalis REIT

Technically, **Inovalis REIT** (TSX:INO.UN) isn't a stock; it's a REIT, but the cash distributions are all the same once they're paid out to your TFSA!

In many prior pieces, I've praised Inovalis for its high agility and its +8% yield, which is by design, as shares haven't ever fallen too far from all-time highs.

While you're unlikely to see substantial share price appreciation from the name, you will collect a fat cheque from the REIT, as it continues collecting rent from tenants within its properties located across French and German hotspots.

What makes Inovalis more attractive is the fact that it can grow its distribution quicker than its bigger brothers in the REIT space thanks to its advantage of small size. A small property portfolio may be seen as a turn-off to some.

But for hungry income investors who want a massive payout and the potential for further distribution growth, Inovalis is a hidden gem that few Canadians will ever come across due to the low-volatility nature of the name and the fact that it's rarely ever touched by the televised media.

Stay hungry. Stay Foolish.

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TICKERS GLOBAL

1. TSX:INO.UN (Inovalis Real Estate Investment Trust)
2. TSX:RNW (TransAlta Renewables)

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