



2 Top Dividend Stocks for TFSA Investors of All Ages

Description

Canadians are using their TFSAs to meet a number of financial goals.

Young investors are setting cash aside to build a [retirement](#) portfolio or possibly create a fund to use as a downpayment for a house.

Older investors and retirees can take advantage of the TFSA to generate tax-free income to supplement company pensions, CPP, OAS, and RRIF payments.

Regardless of the savings goal, a popular TFSA strategy involves owning top-quality [dividend stocks](#).

Investors using the TFSA to increase their savings fund can buy new shares with the dividends. Those that are targeting passive income can simply use the distributions as a reliable earnings stream.

The cumulative contribution space for the TFSA is now as high as \$63,500 per person.

Let's take a look at two stocks that might be interesting picks right now for a self-directed TFSA.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is a leading player in the North American energy infrastructure sector.

In fact, the company's pipeline networks carry such a large volume of the oil and natural gas transported across Canada and the United States that its infrastructure is strategically important for the efficient operations of the Canadian and American economies.

Enbridge has made good progress on a turnaround program that saw the firm clean up the balance sheet and streamline the corporate structure. The company found buyers for nearly \$8 billion in non-core assets and brought four subsidiaries in house.

The current \$19 billion capital program can be funded through internal sources and the market is finally

starting to reward Enbridge for its efforts. The stock is up to \$51 per share from \$40 last December and should continue to drift higher.

Enbridge traded as high as \$65 in 2015, so there is still significant upside potential.

The board raised the dividend by 10% in 2019 and steady annual increases in the 5-7% range should be on the way over the medium term.

At the time of writing, investors can pick up a 5.75% yield.

Power Financial

Power Financial (TSX:PWF) is a Canadian holding company that owns a basket of insurance and wealth management assets. The portfolio includes Great-West Life, Canada Life, Mackenzie, Investors Group, and fintech firm Wealthsimple, among others.

Power Financial is also part owner of a European company that has investment positions in a number of the continent's top global firms. Total, adidas, and Pernod Ricard are part of the portfolio.

Power Financial reported adjusted net earnings of \$0.89 per share in Q3 2019 compared to \$0.81 in the same period last year. The board raised the dividend earlier this year, and the company spent \$1.65 billion on share buybacks. The stock currently provides a yield of 5.5%.

Power Financial is an attractive pick for investors who want to own a financial company with an above-average yield and not take on the housing risks that come with owning the Canadian banks.

The bottom line

Enbridge and Power Financial offer investors reliable high-yield dividends that should continue to grow and can be used to acquire new shares or fund a tax-free income stream.

If you are searching for top dividend stocks to add to your TFSA portfolio, these companies deserve to be on your radar.

CATEGORY

1. Investing

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1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)

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1. Business Insider
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