



TFSA Pension: 2 Dividend Stocks With 5-8% Yields for Passive Income

Description

Canadian retirees are searching for ways to get better returns on their hard-earned savings.

One strategy involves owning [dividend stocks](#) inside a TFSA. The current TFSA contribution limit is as high as \$63,500, which means that a retired couple has \$127,000 in potential investment space.

The distributions generated inside the TFSA are not taxed, and any payouts taken from the account are not considered to be part of your net world income. This is particularly important for seniors who want to avoid being hit with [OAS clawbacks](#).

Let's take a look at two dividend stocks that might be interesting picks right now for a TFSA income portfolio.

Inter Pipeline

Inter Pipeline (TSX:IPL) operates oil sands pipelines, conventional oil pipelines, natural gas processing facilities, and bulk liquids storage sites.

The stock is down in the past year amid concerns the company might have to take on too much debt to get its \$3.8 billion Heartland Petrochemical Complex built.

The development is on track for completion by the end of 2021 and is expected to boost average annual EBITDA by \$450-500 million. This should provide support for the existing dividend or even lead to more increases in the payout.

Management is considering a sale of the European bulk liquids business to help fund the capital program. The division generated strong Q3 2019 results, compared to the previous year, so the timing for a sale could be attractive.

Inter Pipeline pays its dividend monthly. The board held the distribution steady in 2019, but raised it in each of the previous ten years. The current distribution should be safe and provides an annualized

yield of 7.8%.

The company rejected a takeover offer earlier this year. One media source reported the bid at \$30 per share. Inter Pipeline trades at \$22 per share right now, so there could be some nice upside on the way.

Pembina Pipeline

Pembina Pipeline ([TSX:PPL](#)) ([NYSE:PBA](#)) is another operator in the midstream sector of the energy industry. The company has grown significantly over the past 65 years, adding assets through organic development and strategic acquisitions.

Its current market capitalization of \$24 billion and solid balance sheet give Pembina Pipeline the firepower to take advantage of purchase opportunities that should come up as the energy infrastructure sector consolidates.

Pembina Pipeline reported strong Q3 2019 results. Earnings came in at \$370 million, or 11% higher than the same period the previous year. Adjusted cash flow was on par with Q3 2018.

Pembina Pipeline raised the monthly dividend from \$0.19 to \$0.20 per share earlier this year. The current payout provides a yield of 5%.

The company has \$3.2 billion in capital projects under development. As the new assets are completed, cash flow should increase and support ongoing dividend hikes. Pembina Pipeline also recently announced plans to buy Kinder Morgan Canada and the U.S. portion of the Cochin Pipeline for \$4.35 billion.

When the deal closes, the board intends to boost the monthly dividend by 5% to \$0.21 per share.

The bottom line

Inter Pipeline and Pembina Pipeline pay attractive monthly dividends that should continue to grow in the coming years. A new investment split between the two stocks would provide an average yield of 6.4%.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:PPL (Pembina Pipeline Corporation)

PARTNER-FEEDS

1. Business Insider

2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

Date

2025/08/01

Date Created

2019/11/15

Author

aswalker

default watermark

default watermark