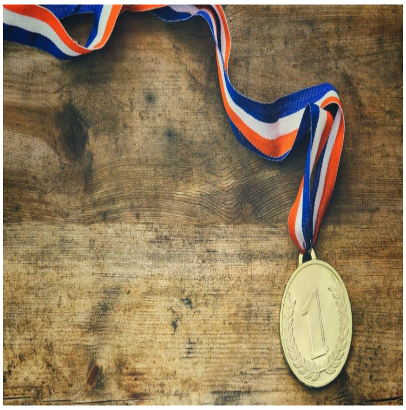

3 Top TFSA Stocks to Buy for 2020 and Earn Higher Yields

Description

As we get ready to welcome 2020, it's also a good time to look for bargains in the stock market and get your portfolio ready to earn higher yields. If you're using your Tax-Free Savings Account (TFSA) to build your long-term income portfolio, then it's also the time to look for some long-term income opportunities.

With this theme in mind, I have prepared a list following three stocks that offer above-average yields and offer a great opportunity for TFSA investors to earn decent passive income when rates on other assets are extremely low.

Let's take a deeper look at these top dividend stocks.

Inter Pipeline

Calgary-based **Inter Pipeline** (TSX:IPL) is a high-yielding stock that could pay off big time down the road. Its yield, which is touching 8%, signals that it's a risky bet that TFSA investors should avoid.

But IPL runs a diversified business in the energy infrastructure market. It operates a large pipeline network and 16 strategically located petroleum and petrochemical storage terminals in Europe. Its NGL business is one of the largest in Canada.

With its diversified operations, IPL is also expanding fast. In Canada, IPL is in the middle of building a $3.5 billion petrochemical complex near Edmonton to convert propane into polypropylene plastic.

On the dividend side, the company has been raising its payout annually, though at a slower rate recently amid lingering pressure on its stock price. That negativity is mostly linked with the troubles that Canada's energy companies are facing these days.

There's no doubt that IPL stock isn't for very conservative investors. The company has shown volatility in its earnings with a lot of debt on its balance sheet. But I think the company has the right mix of assets and a diversified revenue stream. In addition to this, IPL is in a strong growth mode that separates it from other risky dividend payers.

RioCan

My second choice for your high-yielding portfolio for 2020 is one of Canada's largest REITs, **RioCan Real Estate Investment Trust** (TSX:REI.UN).

In my view, it's always a good strategy to diversify your TFSA if you have a long-term investing horizon, and real estate stocks come on top of my list. RioCan is one of the safest bets to take exposure to Canada's robust real estate market. This REIT owns, manages, and develops retail-focused, mixed-use properties located in prime areas.

For TFSA investors, RioCan's consistent history of rewarding investors is the biggest attraction. At a time when the rates on the fixed-income investments are close to zilch, RioCan's consistently growing dividend is a great alternative. From its debut on the TSX in 1994 to its peak value in 2015, RioCan returned a total of 2,408%, including distributions. Currently, RioCan pays a $1.44-a-share annual distribution that translates into a 5.5% yield.

BCE

Canada's top telecom operator **BCE** (TSX:BCE)(NYSE:BCE) is another quality dividend stock that I recommend adding in your TFSA. Telecom utilities are great cash cows, which, through their growing and recurring revenue base, keep rewarding their investors, and BCE is certainly one of them.

Its 5% dividend yield doesn't look too attractive when compared with IPL, but I find it attractive, especially when the Bank of Canada is likely to stay on hold or may even cut interest rates.

BCE is a solid dividend-growth stock. Buying BCE stock means you will continue to get a regular increase in the payout. The company has long maintained a policy of increasing its dividend by 5% annually.

As per the company's dividend policy, the company distributes between 65% and 75% of its free cash flow in payouts. In the past decade, BCE has more than doubled its payout to reward its loyal shareholders.

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TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. TSX:BCE (BCE Inc.)
3. TSX:REI.UN (RioCan Real Estate Investment Trust)

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