TFSA Users: 3 Strong and Safe Dividend Stocks That Yield up to 5%

Description

The Tax-Free Savings Account limit is set to increase to $6,000 in 2020. This will bring the cumulative total contribution room to $69,500. If increases go at the same pace over the course of the next decade, the cumulative total contribution room should hit six figures by the middle of the 2020s.

In previous articles, I've discussed why the TFSA is such a valuable investment vehicle. It has been great for growth and income investors alike. The S&P/TSX Composite Index is hovering around record highs right now, so I want to look at some income-yielding equities as we move into the final weeks of 2019.

Canadian Imperial Bank of Commerce

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM) may be the smallest of the "Big Five" Canadian banks, but it still packs a big punch. Shares of CIBC have climbed 17.6% in 2019 as of close on November 18. CIBC has faced challenges due to turbulence in the Canadian housing sector. Real estate has bounced back in 2019, but the bank has lost its status as the top mortgage lending portfolio among its peers.

That does not mean it is not worth your attention. In the third quarter, CIBC reported adjusted net income of $1.41 billion and adjusted diluted earnings per share of $3.10. Both were up 1% year over year. However, adjusted net income in the year-to-date period came in at $4.04 billion over $4.09 billion in 2018.

Like its peers, CIBC boasts an excellent balance sheet and is an established dividend payer. It currently boasts a quarterly dividend payout of $1.44 per share, representing a 5% yield.

Canadian Western Bank

Canadian Western Bank (TSX:CWB) is a regional Canadian bank. Its stock has surged 38% in 2019 as of close on November 18. Canadian Western stands out for its impressive history of dividend growth in comparison to many of the larger banks available on the TSX.

In the third quarter, Canadian Western reported 10% annual loan growth and 13% annual branch-raised deposit growth. Net income rose 14% year over year to $71 million, and adjusted cash earnings per share climbed 9% to $0.82. Canadian Western's foray into Central and Eastern Canada has been promising, and it reported 15% growth in these areas in the third quarter. Investors can also take solace in its excellent balance sheet.

The stock last paid out a quarterly dividend of $0.28 per share. This represents a 3.2% yield. More impressive is its history of dividend growth. Canadian Western has increased its dividend for 27 consecutive years.

BCE

We're going to move from banking to telecommunications, a sector that is facing challenges but still offers top-shelf stability for income investors. **BCE** (TSX:BCE)(NYSE:BCE) stock has increased 23.8% in 2019 so far. Telecoms took a hit earlier this month after its competitor, **Rogers Communications**, reduced its guidance after the adoption of a new wireless pricing model.

Shares of BCE have been flat over the past month. The company put together a strong third quarter on the back of a 14.8% year-over-year increase in wireless net additions to 204,067. This was a new quarterly record. Cash flows from operating activities rose 10.5% to $2.25 billion. The company expects free cash flow growth between 7% and 12% for the full year.

BCE stock last paid out a quarterly dividend of $0.7925 per share, representing a 4.9% yield. The company has delivered dividend growth for 10 consecutive years.

CATEGORY

1. Dividend Stocks
2. Investing

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1. Editor's Choice

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3. TSX:BCE (BCE Inc.)
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