



Income Investors: 3 High-Yield Stocks for Your TFSA in 2020

Description

Canadians income investors are searching for ways to boost the returns they get on their hard-earned savings.

One way to generate attractive passive income without paying extra tax is to hold high-yield [dividend stocks](#) inside a TFSA. The Tax-Free Savings Account has been around for a decade, and Canadian residents now have as much as \$63,500 in contribution room.

That's large enough to start a solid income portfolio.

Let's take a look at three stocks that might be interesting picks for your TFSA [buy list](#) today.

IPL

Inter Pipeline (TSX:IPL) is an energy infrastructure company with assets located in Canada and Europe.

The Canadian operations include oil sands pipelines, conventional oil pipelines, and natural gas liquids (NGL) processing facilities. The European division consists of bulk liquids storage sites located in a number of countries.

IPL is evaluating the option of selling the European business to help fund its development program.

The largest capital project is the Heartland Petrochemical Complex, which will turn propane into plastic. The facilities are scheduled for completion in late 2021 and are expected to generate average annual earnings before interest, tax, depreciation, and amortization (EBITDA) of at least \$450 million.

IPL appears cheap at the current stock price of \$22 per share. Investors who buy today can pick up a yield of 7.7%.

CIBC

Canadian Imperial Bank of Commerce ([TSX:CM](#))([NYSE:CM](#)) has a history of making big blunders and normally trades at a discount to its larger Canadian peers. Given the company's heavy reliance on the Canadian housing market, it is definitely a riskier bet, but the stock probably deserves more respect.

Why?

Management spent more than US\$5 billion in the past two years to acquire operations in the U.S. The American business provide a nice hedge to the Canadian segment and investors should see the U.S. presence grow in the coming years.

CIBC remains a very profitable company and is well capitalized. The dip in bond yields this year has led to reduced mortgage rates, providing a new tailwind for the Canadian housing market. This is positive for CIBC and the numbers in the coming quarters should reflect the shift.

CIBC trades at just 10 times trailing earnings right now and the dividend provides a solid 5% yield.

Telus

Telus ([TSX:T](#))([NYSE:TU](#)) is a leading player in the Canadian communications industry with world-class wireless and wireline assets providing mobile, TV, and internet services to subscribers across the country.

Telus also has a health venture that could grow to be a significant contributor to earnings in the next decade. Telus Health is already the top provider of digital solutions to the Canadian health care industry and owns a network of private facilities that cater to corporations and wealthy families.

Telus has a strong track record of dividend growth and the stock tends to hold up well when the broader equity markets hit some turbulence.

The current dividend provides a 4.7% yield.

The bottom line

IPL, CIBC, and Telus all pay attractive dividends and should be solid picks for a TFSA portfolio focused on passive income.

An equal investment in each of the stocks would provide an average yield of 5.8%. This would generate \$3,683 in annual tax-free income on a \$63,500 TFSA portfolio.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. NYSE:TU (TELUS)
3. TSX:CM (Canadian Imperial Bank of Commerce)
4. TSX:T (TELUS)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Bank Stocks
2. Dividend Stocks
3. Investing

Date

2025/08/15

Date Created

2019/11/21

Author

aswalker

default watermark

default watermark