Yield Seekers: 2 High-Yield Dividend Stocks for Your TFSA

Description

The Canadian government introduced the Tax-Free Savings Account (TFSA) in 2009 as a blessing for Canadian families. It is the best way to encourage Canadians to save more money. For those who do not understand how beneficial a TFSA is, the account type might seem like little more than a savings account.

The TFSA is more of an investment vehicle than a simple savings account. It allows you to store your assets tax-free and without incurring any management charges. Simply holding cash in your TFSA is a waste of space. You can utilize the contribution room in your TFSA to actively earn passive income if you know how to use it properly.

In a decade of its existence, you are now allowed to invest a total of $63,500 in cash or equivalent assets in holding them free of tax. The amount is more than enough for you to build a robust income portfolio by investing in dividend-paying stocks with high yields.

I am going to discuss **Telus** (TSX:T)(NYSE:TU) and **Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM), two stocks that offer high dividend yields. Take a look at these stocks, so you can decide whether you want to buy and hold the shares in your TFSA.

Telus

Telus is one of the leading companies in Canada's communications sector. The company has a world-class wireless and wireline service. Telus also offers some of the world's best mobile services, along with TV services to Canadians throughout the country.

The company has also made inroads into the health sector — something that can significantly boost the company's income within the next 10 years. The health sector venture called Telus Health is already a significant contributor to Canada's health care for digital solutions. Telus Health also owns a network of private facilities to accommodate the needs of wealthy families and corporations.

Telus is a reliable company with a healthy track record of dividend growth. Telus has kept shareholders happy for a long time, and it is likely to keep them happy for much longer. The company already shows its trustworthiness through its resilience during market downturns.

The share price of $49.92 is below Telus's 52-week high of $51.22, but the stock is on an upward trajectory again. Between the capital gains and dividend yield of 4.67% at the time of this writing, Telus could be an excellent stock to consider.

CIBC

Compared to its peers, Canadian Imperial Bank of Commerce trades for lower at $86.59 per share, and it has made some big mistakes in the past. CIBC relies heavily on Canada's housing market. The bank's faith in the performance of the housing market has not been ideal for the company's performance in the recent few years. Still, there is a reason to believe that the company can make shareholders quite happy moving forward.

The upper echelons of the bank have spent more than US$5 billion in the past couple of years to learn from the mistakes that CIBC has made in the past. With the massive investment, the bank is set to acquire and then expand its operations in the United States. In the coming years, CIBC is looking to establish a strong presence in the U.S. market.

Despite its blunders, CIBC remains a highly profitable bank, and it has a massive market capitalization to support its expansion.

At the current price, the company's shares are trading for a discount at just 10 times trailing earnings. The 5% dividend yield makes CIBC seem like an attractive buy right now.

Foolish takeaway

Holding CIBC and Telus stocks in your TFSA can help you gain substantial income through the high yields both stocks offer. I think that both of the companies are worth considering for your TFSA with promising prospects and high dividend yields that the stocks provide.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
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2. NYSE:TU (TELUS)
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Date
2025/08/06
Date Created
2019/11/28
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