3 Dead-Simple Ways to Turn an Average TFSA Into $1,680/Year

Description

Hi, Fools. I'm back to highlight three top dividend-growth stocks. As a quick reminder, I do this because businesses with consistently increasing dividend payouts

- can guard against the harmful effects of inflation by providing a rising income stream; and
- tend to outperform the market averages over the long haul.

The three stocks below offer an average dividend yield of 5.6%. Thus, if you spread them out evenly in an average $30K TFSA account, the group will provide you with a growing $1,680 annual income stream.

Let's get to it.

Renewed interest

Leading things off is renewable energy company **TransAlta Renewables**, which has grown its dividend at a steady rate of 22% over the past five years.

TransAlta's well-diversified portfolio (wind, natural gas, hydro, solar), highly contracted assets, and strong balance sheet should continue drive long-term dividend growth. In the most recent quarter, adjusted funds from operations increased $2 million to $69 million.

Moreover, cash available for distribution improved by $2 million.

"We remain very focused on successfully commissioning our two U.S. wind projects prior to the end of the year," said President John Kousinioris. "In addition, we are continuing work to add further accretive projects to our portfolio, including potential additional drop-down opportunities from **TransAlta Corporation**."

The stock currently offers an attractive yield of 6.2%.

Fair exchange

With steady dividend growth of 30% over the past five years, aviation services specialist **Exchange Income** is next up on our list.

Exchange Income's reliable dividend growth continues to be underpinned by dependable cash flows, a dominant position in several niche markets, and a diversified portfolio. In the most recent quarter, adjusted earnings increased 10% as revenue grew 15% to $355 million.

More importantly, free cash flow improved 5% to $67.2 million.

"The third quarter saw us reach new highs on a number of financial metrics, once again demonstrating the importance of our diversified business model," said CEO Mike Pyle.

Exchange Income shares currently offer an attractive dividend yield of 5.2%.

Solid choice

Rounding out our list is diversified real estate company **Choice Properties REIT** (TSX:CHP.UN), which has steadily grown its dividend at a rate of 14% over the past five years.

Choice's stable payout growth continues to be backed by solid scale (726 properties spanning 65.6 million square feet), strong occupancy rates, and hefty cash flow generation. In the most recent quarter, Choice's funds from operations — a key cash flow metric for REITs — clocked in at $175 million.

More importantly, Choice's occupancy remained at a strong 97.8%.

"We are pleased with both our financial and operational results for the third quarter," said CEO Rael Diamond. "[W]ith the recent sale of a 30 property portfolio, we've further strengthened our balance sheet by reducing leverage, providing additional capacity to fund our significant development program."

Choice Properties offers a healthy dividend yield of 5.4%.

The bottom line

There you have it, Fools: three top dividend-growth stocks worth checking out.

As always, they aren't formal recommendations. They're simply a starting point for more research. The breaking of a dividend-growth streak can be especially painful, so plenty of due diligence is still required.

Fool on.

CATEGORY

1. Dividend Stocks

2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. TSX:CHP.UN (Choice Properties Real Estate Investment Trust)

PARTNER-FEEDS

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

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

Date
2025/08/24
Date Created
2019/12/08
Author
bpacampara