Nail Down Income of $1,380 in 2020 With Just an Average TFSA — Here's How

Description

Hi there, Fools. I'm back to highlight three top dividend stocks. As a reminder, I do this because solid dividend stocks: provide a healthy income stream in both good and bad markets; and tend to outperform the market over the long run.

The three stocks below offer an average dividend yield of 4.6%. If you spread them out evenly in a $30K TFSA account, the group will provide you with an annual income stream of $1,380 on top all the appreciation you could earn.

So if you're looking to boost your income in 2020, these three stocks are a good place to start searching.

Royal pain

Kicking things off is financial services giant **Royal Bank of Canada** (TSX:RY)(NYSE:RY), whose shares sport an attractive dividend yield of 4.0%.

RBC shares have slipped over the past few days the company's recent earnings miss, but now might be an opportune time to pounce. In Q4, EPS of $2.18 missed estimates by $0.06 while revenue of $11.4 billion also came in below expectations.

On the bullish side, Personal & Commercial Banking earnings grew 6% while Wealth Management profits climbed 13%.

"We have been investing significantly in talent, technology and our trusted global brand to offer differentiated advice and experiences across our businesses, and believe this positions us well to continue delivering long-term sustainable value for our clients, communities and shareholders," said CEO Dave McKay.

RBC now trades at a cheapish forward P/E of 12.

Pied piper

With a healthy dividend yield of 4.5%, midstream energy giant **TC Energy** (TSX:TRP)(NYSE:TRP) is our next high yielder.

TC Energy's consistent dividend continues to be underpinned by massive scale ($100 billion in total assets), stable long-term contracts, and juicy growth potential (advancing over $20 billion worth of development projects). In the most recent quarter, EPS of $1.04 topped estimates by $0.05 on revenue of $3.1 billion.

More important, management continues to expect annual dividend growth of 8%-10% through 2021.

"During the third quarter of 2019, our diversified portfolio of regulated and long-term contracted assets continued to perform very well," said CEO Russ Girling.

TC Energy shares trade at a forward P/E in the mid-teens.

Husky opportunity

Closing out our list oil and gas company **Husky Energy** (TSX:HSE), which boasts a healthy dividend yield of 5.4%.

Husky's integrated business model (upstream and downstream), steady free cash flow growth, and strong balance sheet should continue to support long-term dividend growth. In the most recent quarter, funds from operations — a key cash flow metric — clocked in at a solid $1 billion even as revenue declined to $5.85 billion.

"We achieved all of the milestones for the third quarter as set out at Investor Day in May, and remain on track for the rest of the year," said CEO Rob Peabody. "We also saw our work to enhance process safety translate to improved reliability across the business."

Husky currently trades at a forward P/E of 12.

The bottom line

There you have it, Fools: three top high-yield stocks worth checking out.

As always, don't view them as formal recommendations. Instead, look at them as a starting point for more research. A dividend cut (or halt) can be especially painful, so you'll still need to do plenty of due diligence.

Fool on.

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1. Bank Stocks
2. Dividend Stocks

TICKERS GLOBAL

1. NYSE:RY (Royal Bank of Canada)
2. NYSE:TRP (Tc Energy)
3. TSX:RY (Royal Bank of Canada)
4. TSX:TRP (TC Energy Corporation)

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