TFSA Investors: 3 Monthly Dividend Payers Yielding up to 7.7%

Description

Whether you're 25 or 65, there are numerous reasons why stuffing your TFSA full of dividend-paying stocks is a good idea.

Dividend stocks tend to be more stable than their peers, since they attract long-term shareholders. You can consistently put new cash generated from dividends back to work, either through a dividend-reinvestment plan (DRIP) or into new investment ideas. And getting into dividends now, before you need the cash for retirement, is a great way to turn smaller amounts of capital into great long-term yields. If executed properly, the growth will truly amaze you.

The only thing left for TFSA investors to do is choosing the right stocks for their retirement funds. Here are three ideas you'll definitely want to consider.

Chorus Aviation

Chorus Aviation (TSX:CHR) has two businesses wrapped up in one company. The first, which is operating regional flights for **Air Canada**, is a steady business that provides good cash flow, although it can be a little bumpy at times.

The part of Chorus I'm most excited about is the newer part of the company that leases aircraft back to regional airlines around the world.

Here's how it works: Chorus acquires planes and leases them back at a 10% rate over 10 years, meaning the leasee pays for the aircraft in that time. At that point, Chorus has a few different options. It can take the asset back, continue the lease, or sell the plane on the open market. No matter what happens, the company makes money.

This business has been growing like a weed since being launched in 2016. It has leased 60 planes so far, including partnering with airlines in Europe, South America, Asia, and Africa. Including commitments, it has become the world's second-largest player in this lucrative industry, with a portfolio value of more than US$2 billion. With regional air still slated to deliver excellent growth, this looks to be a good business to be in over the long term.

Chorus shares yield a robust 5.9%, a payout well covered by earnings.

Plaza

Plaza Retail REIT (TSX:PLZ.UN) owns retail property in the eastern half of Canada, with a small smattering of assets out west. Its portfolio spans 275 properties, primarily located in Ontario, Quebec, and the Maritime provinces, with 8.4 million square feet of gross leasable space. Plaza also has a robust development pipeline, with 28 properties and 1.5 million square feet of space planned.

One thing I really like about Plaza's portfolio is the emphasis on Shoppers Drug Mart locations, which collectively account for about 25% total rents. There are few tenants more secure than pharmacies.

The company has posted solid growth numbers over the last year. Year-to-date results in 2019 include growing the top line by more than 10% and the all-important funds from operations figure by some 20%. The puts the trust well on pace to generate $0.40 per share in funds from operations in 2019, which would put shares at just over 11 times the standard for REIT earnings. In other words, the stock is cheap.

Shares pay a nice 6.1% dividend, a payout that is easily covered by cash flow.

Inter Pipeline

Inter Pipeline (TSX:IPL) shares haven't been a good investment over the last few years, as various factors have helped force shares lower, including general weakness in the energy sector and the company's decision to finance a big expansion project.

This facility, the Heartland Petrochemical Complex, is on pace to cost the company $3.5 billion. Management remains bullish on both Heartland and the polypropylene market, but investors are concerned about how the company will pay for the facility, pay investors their dividends, and not leave the company with huge amounts of debt. The good news is Heartland is projected to earn $500 million in annual EBITDA.

In the meantime, investors get to own some of the best downstream energy assets in the entire sector. The company's pipeline portfolio consists of three main lines carrying bitumen from the oil sands to Edmonton-area refineries, a strong conventional oil pipeline system, natural gas liquids processing, and bulk fuel storage.

The company has no plans to cut its dividend to pay for Heartland, although investors may see lacklustre dividend growth over the next couple years. But with a current payout of 7.7%, you don't need much dividend growth for this investment to work out.

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2. TSX:PLZ.UN (Plaza Retail REIT)

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Date
2025/08/20
Date Created
2019/12/19
Author
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