Lock in Brand New Income of $1,500 in 2020 (While Avoiding the CRA) – Here's How

Description

Hello, Fools! I'm back to highlight three high-yield dividend stocks. As a reminder, I do this because high-yield 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 5%. If you spread them out evenly in an average $30K TFSA account, the group will provide you with an annual income stream of $1,500, on top of all the appreciation you could earn.

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

Bankable bet

Kicking things off is financial services giant **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS), whose shares sport an attractive dividend yield of nearly 5%.

Scotiabank shares have slipped over the past few months on growth concerns, but now might be an opportune time to pounce. In Q4, earnings per share (EPS) of $1.82 met expectations, but revenue of $7.98 billion narrowly missed estimates.

On the bullish side, return on equity (ROE) for 2019 clocked in at a still-solid 13.1% while the annual dividend increased 6%, giving shareholders plenty of comfort for 2020.

"In 2019, we made significant progress against our strategic objectives by sharpening our geographic footprint and improving our business mix," said CEO Brian Porter. "We've also invested heavily in our people, processes, and technology to better position the Bank for success over the long-term."

Scotia shares trade at a forward price-to-earnings (P/E) ratio of 9.5.

Life is good

With a healthy dividend yield of 5%, life insurance giant **Great-West Lifeco** (TSX:GWO) is our next high yielder.

Great-West's consistent dividend continues to be underpinned by massive scale (roughly $1 trillion in assets under administration), a diversified business model, and steady growth. In the most recent quarter, earnings improved to $730 million as revenue grew 20% to $14.4 billion.

More importantly, ROE for the quarter came in at a solid 13.4%.

"The Company delivered healthy EPS growth, reflecting solid operating performance in the quarter and strategic decisions made earlier in the year," said CEO Paul Mahon. "Business fundamentals remain sound, our capital position is strong and we continue to move forward with our strategic priorities."

Great-West shares trade a forward P/E of 10.4.

Closing time

Closing out our list is pipeline giant **Pembina Pipeline** (TSX:PPL)(NYSE:PBA), which boasts a healthy dividend yield of 5.0%.

Pembina's integrated business model, steady free cash flow growth, and strategic acquisitions should continue to support long-term dividend growth. In fact, the company recently completed its key purchase of Kinder Morgan Canada and offered encouraging guidance.

Reflecting the integration of Kinder, Pembina now sees full-year adjusted EBITDA of $3.25 billion to $3.55 billion.

"The newly acquired assets provide enhanced integration within our existing franchise, entrance into exciting new businesses and clear visibility to creating long-term value for our shareholders," said CEO Mick Dilger. "Our teams will now focus on completing the integration activities and pursuing the $100 million of additional run-rate adjusted EBITDA we expect to realize over the coming years."

Pembina currently trades at a P/E of 15.

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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2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:GWO (Great-West Lifeco Inc.)
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