Forget About Taxes! 3 Simple Ways to Add $1,170 This Year (That the CRA Can't Touch)

Description

Hello, 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 3.9%. Thus, if you spread them out evenly in an average $30K TFSA account, the group will provide you with a growing tax-free income stream of $1,170.

So if you're looking to add a big of chunk of income to your 2020 (that the CRA can't touch), this is a good place to start.

Real value

Leading off our list is retail property owner **Plaza Retail REIT** (TSX:PLZ.UN), which has grown its dividend payout by 15% over the past five years.

Plaza's steady dividend growth continues to be supported by decent scale (total assets valued over $1 billion), reputable tenants (roughly 91% are national companies), and stable fundamentals.

In the most recent quarter, funds from operations (FFO) — a key cash flow metric — improved 8% to $10.1 million.

"We demonstrated strong growth in the 3rd quarter as we begin to witness the contribution from a number of development and redevelopment projects that were launched over the last two years," said CEO Michael Zakuta.

Plaza REIT shares currently offer a juicy dividend yield of 6.2%.

Empire strikes back

With dividend growth of 29% over the past five years, supermarket operator **Empire Company** (TSX:EMP.A) is next on our list.

Empire continues to lean on its well-known brands (banners include Sobeys, Safeway, and FreshCo), economies of scale (roughly 1,500 retail stores), and hefty cash flows to deliver steady payment growth. In the most recent quarter, operating cash flow clocked in at a whopping $316 million.

“Our strong second quarter fiscal 2020 results reflect both top line growth and significant gross margin expansion,” said CEO Michael Medline. “This has led to industry leading year over year EBITDA margin expansion.”

Empire shares currently offer a dividend yield of 1.6%.

Sunny side up

Rounding out our list is oil and gas giant **Suncor Energy** (TSX:SU)(NYSE:SU), which has grown its dividend 51% over the past five years.

Thanks to diversified operations, high-quality assets, and a relatively conservative balance sheet, Suncor can maintain consistent dividend growth even amid volatile oil prices. In the most recent quarter, Suncor generated FFO of $2.7 billion while operating cash flow came in at $3.14 billion.

During the quarter, the company paid out a whopping $650 million in dividends and repurchased $756 million in shares.

“Suncor generated $2.7 billion in funds from operations and $1.1 billion of operating earnings during the third quarter, reflecting the ability of our integrated business to deliver strong results across a wide range of market conditions,” said CEO Mark Little.

Suncor currently sports a healthy dividend yield of 3.9%.

The bottom line

There you have it, Fools: three top dividend growth stocks for 2020.

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

TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. TSX:EMP.A (Empire Company Limited)
3. TSX:PLZ.UN (Plaza Retail REIT)
4. TSX:SU (Suncor Energy Inc.)

PARTNER-FEEDS

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