3 Top Stocks That Could Make Your TFSA Dividend Rich in 2020

Description

With North American markets trading at their record levels, and returns on the safest assets declining, it becomes very difficult to pick the right investments for your Tax-Free Savings Account (TFSA).

One potential risk in this environment is that retail investors start making risky bets that could cost them dearly. A recent report by *Bloomberg* has highlighted a similar trend that is spreading globally and causing massive losses to amateur investors.

"Amateur investors are trying to make up for decreasing yields by getting into risky markets they aren't familiar with and don't fully understand, and those bets are popping up all over the globe," the report said.

Advances in technology, according to the report, including high-speed computing, may also be fuelling speculative trading, and, in the worst case, the fallout could be mass individual defaults that hurt the financial sector.

If you're not inclined to take too much risk and play safe in your TFSA portfolio, then there are still many ways to boost your returns. One proven way to do that is to buy stocks of top-quality dividend-paying companies.

Today, I've put together a list of three dividend stocks from Canada that are still attractive and well suited for low-risk investors.

Suncor Energy

For TFSA investors, whose aim is to stay invested and earn growing payouts, Canada's energy giant **Suncor Energy** offers an attractive option.

One of the biggest strengths that separates Suncor from other, more volatile oil and gas producers is the company's integrated business; it digs for oil, refines it, and sells it through its 1,500 gas stations.

Suncor stock yields about 4% annually, paying $0.42 a share quarterly dividend. The oil giant has been sending dividend cheques to its shareholders for about quarter of a century.

Enbridge

Canada's largest pipeline **Enbridge** is another top candidate for your TFSA. It's a good defensive stock to hold on to when there is too much uncertainty about the future market directions.

The company pays a $0.81-a-share quarterly dividend with an annual dividend yield of 6%. The payout is forecast to rise 10% per year, as Enbridge undertakes its heavy development plan and benefits from its strong presence in North America.

During the past two years, Enbridge has also accelerated its restructuring plan: selling assets, focusing on its core strengths, and paying down its debt. These measures are likely to benefit long-term investors whose aim is to earn steadily growing cash.

BCE

By investing in Canada's largest telecom operator, **BCE**, you can earn a steadily growing payout and keep your capital relatively safe. BCE has long maintained a policy of increasing its dividend by 5% annually and has used a series of acquisitions to partly fuel the cash flow growth necessary to keep boosting the payout.

As per the company's dividend policy, the company distributes between 65% and 75% of its free cash flow in payouts. Currently, BCE stock is yielding 5.13% with quarterly dividend of $0.7925. BCE's attractive dividend policy makes its stock an attractive option for TFSA investors to consider, despite the stock's recent surge.

Bottom line

Buying top dividend stocks that have diversified revenue bases and pay regular dividends is one proven way to reduce your risks while making investment decisions for your TFSA. These stocks' growing dividends will make your portfolio cash rich — cash you can use to buy more shares.

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