



## TFSA Dividend Lovers: 3 Top Stocks Yielding up to 7.1%

### Description

Many investors aim to create a TFSA dividend stream, and it's easy to see why. Having a steady source of tax-free passive income can really make a difference in your life.

Think about it this way: say you're looking for a 4% portfolio yield, and there are three different ways you can get it. The first is by purchasing bonds, with any income coming in as interest. That income is fully taxable, and it could easily drop your net return to the 3% range. A regular dividend from a taxable account or RRSP will be taxed too, although usually at a better rate than interest. A TFSA dividend, meanwhile, ensures you keep every penny of that 4% yield.

The conclusion is simple: investors should stuff every nickel they can into their TFSAs — currently \$6,000 per year — and use it as their [primary retirement vehicle](#).

Let's take a closer look at three top stocks you could potentially use to create your own TFSA dividend — names that yield up to 7.1%.

### Chartwell

For instance, **Chartwell Retirement Residences** ([TSX:CSH.UN](#)) is trading at \$8.37 per share as I write this — a level it last traded at in 2011. In 2010, the company earned \$0.61 per share in funds from operations. In 2019, the company earned \$0.92 per share in funds from operations. At nine times trailing funds from operations, Chartwell is ridiculously cheap.

Yes, COVID-19 may impact the bottom line in the short term, but I believe measures taken today will be effective in minimizing the impact of this devastating virus.

Chartwell also has the added bonus of demographics on its side. There are some nine million baby boomers in Canada, and many will end up moving into retirement homes. The first step for many will be independent supportive living homes — places that don't offer as much care. This part of the market is mostly unregulated, and Chartwell is the leader in Canada. Some 75% of its revenues come from these types of facilities.

And finally, let's talk about Chartwell's distribution. This TFSA dividend stock currently yields 7.1% and has [raised its dividend](#) for six consecutive years. Take advantage of this opportunity to secure yourself a nice tax-advantaged payout.

## Intact Financial

I'm a big fan of **Intact Financial** ([TSX:IFC](#)) because of its stellar track record, leading market share, and growth potential. This stock is poised to deliver excellent long-term results for at least a couple of decades.

The property and casualty insurance sector in North America is pretty fragmented. Intact has been slowly acquiring many of its competitors here in Canada and recently started buying assets in the United States, too. Look for it to continue shopping, especially if prices for these assets remain low.

One of Intact's keys to success is the company does a terrific job pricing in risk. It uses a combination of astute leadership, tight cost controls, and technology to consistently post underwriting profits. The profits delivered by its investment portfolio are a bonus.

Intact has also delivered a steadily increasing distribution — excellent news for TFSA dividend investors. The current payout is 2.4%, and the dividend has been increased every year since 2005.

## Restaurant Brands

There's little doubt COVID-19 has greatly impacted the restaurant business. But if any company is going to bounce back quickly, it'll be **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)), the owner of top fast-food brands like Tim Hortons, Burger King, and Popeyes Chicken.

Each of these brands can still keep drive-thrus open, which is helping to mitigate the impact of restaurant closures. I know my local Tim Hortons is still doing a brisk drive-thru business. The parent company is doing its best to help franchisees through this tough time, which is best for the long-term health of both.

The company earned US\$2.72 per share in adjusted earnings in 2019, and I believe the company will recover and return to that level of profitability by 2022 at the latest. I think 2021 could even be a nice year as pent-up demand ensures a steady stream of visitors.

Meanwhile, this TFSA dividend stock now yields a robust 4.7%. That's an excellent payout.

## The bottom line on these TFSA dividend stocks

If you're looking to create a TFSA dividend income stream, the time to start is today. Load up on great stocks like Chartwell, Intact Financial, and Restaurant Brands while they're on sale. Your future self will thank you.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. TSX:CSH.UN (Chartwell Retirement Residences)
3. TSX:IFC (Intact Financial Corporation)
4. TSX:QSR (Restaurant Brands International Inc.)

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