



TFSA Pension: 2 Top Dividend Stocks on Sale for Income Investors

Description

Retirees and other [TFSA income](#) investors now have a chance to buy top-quality dividend stocks at cheap prices.

Best dividend stocks

The best dividend stocks tend to be companies with businesses that serve essential needs in the economy. They have strong balance sheets and the capital to ride out challenging times. In addition, these companies pay reliable and growing dividends.

Inside the TFSA, the dividends and capital gains remain beyond the reach of the CRA. Retirees who remove the dividends don't have to worry about the CRA using the income to calculate net world income, which is used to determine potential OAS clawbacks.

Let's take a look at two [top dividend stocks](#) that appear oversold and might be attractive for an income-focused TFSA portfolio.

Telus

Telus ([TSX:T](#))([NYSE:TU](#)) is one of Canada's leading providers of communications services. The wireless and wireline network infrastructure delivers mobile, TV, and internet services to subscribers across the country.

The pandemic lockdowns will likely hit sales of new smartphones. However, broadband demand is surging, as people work and study from home. Video conferencing is booming, and people are streaming a multitude of content from movies to online school lessons.

Plan upgrades and subscriptions to new services could turn up as a revenue boost for the end of Q1 and Q2 of this year.

Telus Health is front and centre in the current pandemic environment. The division is Canada's leading supplier of digital solutions to doctors and hospitals. The outbreak could result in a major shift towards these services going forward, and Telus should see demand surge for the various Telus Health offerings.

The stock trades for \$22 per share at the time of writing and provides a solid 5.3% yield. The share price hit \$27 in February, so there is decent upside on a rebound.

One risk could be a wave of missed bill payments due to the steep rise in unemployment. However, people need their phones and internet services and will do what they can to ensure they are not cut.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is a giant in the North American energy infrastructure industry.

Investors might head for the hills at the first hint of anything connected to oil these days, but there is a difference between producers and the companies that move the product.

Enbridge operates liquids pipelines that transport about 25% of the crude oil produced in Canada and the United States. The company also has natural gas transmission and midstream assets that handle nearly 20% of the natural gas consumed in the United States. Natural gas distribution and storage businesses also deliver essential energy to 3.8 million customers in Ontario and Quebec.

Finally, Enbridge has renewable energy assets that generate 1,750 MW of power in North America and Europe.

Enbridge raised the dividend by nearly 10% for 2020. Distributable cash flow is expected to grow by 5-7% over the medium term.

The stock trades at \$40 per share compared to \$57 in February. Investors who buy now can pick up a dividend yield of 8% and wait for the market to recover.

The bottom line

Telus and Enbridge are leaders in their respective industries. The companies pay reliable dividends, and the stocks appear oversold today.

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1. Dividend Stocks
2. Investing

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