



TFSA Investors: 3 Top Dividend Stocks Paying Up to 7.6%

Description

In today's tumultuous markets, one important lesson has become even more paramount, especially as dividend investors are seeing their payouts slashed by previously strong companies. Investors need to focus on top dividend stocks, the kinds of companies that will pay their dividends no matter what the underlying market does.

Yes, you may have to sacrifice some yield to make this happen, but it's a worthwhile trade-off. Reaching for yield often ends in tears, both because the dividend is often cut and because the stock price usually tumbles when that happens.

With these three top dividend stocks, you won't have to worry about the payout ever being cut. And, as a bonus, they all pay fairly generous dividends, especially when compared to other fixed income options, like government bonds. And if you stuff them in a Tax-Free Savings Account (TFSA), they'll [provide tax-free income](#). Let's take a closer look.

Crombie REIT

Many REITs are facing pressure today because investors are concerned about their ability to collect rents. Investors looking for stability from the sector should check out **Crombie REIT** ([TSX:CRR.UN](#)).

Crombie is primarily a grocery store landlord, with some 60% of its rents coming from Sobeys and Safeway stores. In an era of rabid buying and fewer meals eaten out, grocery stores have become very secure tenants. Yes, the other 40% of rent is in some danger, but the effect on the overall portfolio should be minor.

The company also has an ambitious expansion plan in the works as it takes property in Canada's largest cities and converts it into mixed-use locations. The first project was in Vancouver, which turned a stand-alone Safeway store into a building with a new Safeway on the bottom and apartments on top.

When these projects are all completed a few years from now, Crombie should increase its net asset value by around \$2 per share. Remember, shares trade at \$13.20 today. That's decent short-term

upside potential.

Finally, let's talk about the company's dividend. The current payout is 6.7%, and the payout ratio is approximately 80% of earnings. That combination is solid.

BCE

BCE Inc. ([TSX:BCE](#))([NYSE:BCE](#)) belongs on any top dividend stocks list. The company boasts a solid moat, great dividend, and very reasonable valuation.

BCE is the kind of business that no pandemic can really impact. As we stay locked in our homes, communication with the outside world is more important than ever. The last thing many people would cut nowadays is their internet or cell phone connection.

Even though BCE shares have largely recovered, the stock is still reasonably valued. Shares trade at 17 times trailing earnings, a cheap valuation for such a solid company. Shares should continue to offer solid total return potential as investors value stability, too.

Perhaps the best part of a BCE investment is the company's dividend. The current yield is 5.8%. Although the payout ratio is a little high, investors can take comfort in knowing BCE's earnings are very predictable. Management will protect the dividend at all costs, too.

Rogers Sugar

Rogers Sugar ([TSX:RSI](#)) is one of Canada's largest sweetener companies. You likely recognize the brand from the grocery store, and the company is also in the commercial sweetener business, as well as having a recently acquired maple syrup division.

While the sugar industry doesn't offer much in the way of growth potential, it still has lots going for it. It's protected from competition by tariffs on imported sugar and high fixed costs to enter the business. Recent sales should be strong as people load up on baking supplies in this period of social isolation, too.

Rogers pays a \$0.09 per share quarterly dividend, a payout it has maintained since it converted from an income trust to a corporation years ago, which is good enough for a 7.6% yield today. The payout ratio is a little high on a trailing basis, but earnings should also increase over time.

The bottom line on these top dividend stocks

If you're looking for companies that will pay you [generous dividends](#) through thick and thin, check out top dividend stocks like Crombie REIT, BCE, and Rogers Sugar. These three solid companies make a great foundation for any successful income portfolio.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. TSX:BCE (BCE Inc.)
3. TSX:CRR.UN (Crombie Real Estate Investment Trust)
4. TSX:RSI (Rogers Sugar Inc.)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date

2025/09/12

Date Created

2020/05/01

Author

nelsonpsmith

default watermark

default watermark