



3 Top Financial Stocks Yielding 4.5% and Higher

Description

Financial stocks such as bank stocks have historically provided many investors with a great supplement to their income. Whether in retirement or just looking for additional income sources, financial stocks continue to be a great option. Here are currently three top financial stocks that can provide investors with generous dividend income.

In these difficult times, it is ever more important to have other sources of income besides employment income. With the current crisis, so many are needing the Canada Emergency Response Benefit (CESB). This essential but temporary income support has been a lifeline for many.

But the reality is that this supplement is temporary. The importance of having diversification of income sources has never been so apparent.

Here are three top financial stocks yielding over 4.5%.

Top bank stock: Toronto-Dominion Bank

Currently yielding 5.2%, **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) stock has rallied 23% from its March lows. Regardless of this nice rally, however, the stock is still down 20% from 2020 highs. Toronto-Dominion Bank stock is providing investors with a very generous yield, but is it the right time to buy?

To answer this question, let's look at some facts. Back in the 2007/08 crisis, TD Bank stock fell 50% in a matter of nine months. This was a financial crisis, with some banks around the world going under. Toronto-Dominion Bank's conservative way of doing business and strong financial health meant that it not only survived, but thrived afterward.

Today's crisis is clearly different. It was brought about by a health pandemic. And while there will certainly be structural damage to the economy, TD Bank came into this in top shape. TD entered this crisis with significant capital and liquidity.

This bank has built long-term relationships with its customers, and they intend to stand by them through the good and bad times.

Top bank stock: Royal Bank of Canada

Along with TD Bank, **Royal Bank** ([TSX:RY](#))([NYSE:RY](#)) is the other of Canada's two biggest banks. Currently yielding 4.61%, Royal Bank of Canada stock is another good option. This bank boasts leading operating efficiency and a dominant market share in many of its segments.

Royal Bank of Canada stock has suffered this year and most recent results were of course brutal. While loan loss provisions skyrocketed and earnings plummeted, what stands out to me is the resiliency of the bank.

Strong liquidity and strong capital strength will ensure that Royal Bank survives this downturn, so investors can feel safe buying Royal Bank stock for the long term.

We may certainly see things getting worse before they get better, but economies are slowly reopening. People are getting back to work. And this virus will pass. From the bank's perspective, once we get past the initial pain and credit issues, they are indifferent to the make-up of the economy.

Sun Life Financial stock getting a glimpse of the other side of the crisis

Sun Life Financial Inc. ([TSX:SLF](#))([NYSE:SLF](#)) stock has seen its share of losses this year. At its lows in March, the stock had tumbled almost 50% in response to the pandemic. Currently, the stock is yielding 4.5% as it recovers.

Sun Life Financial is a [truly global](#) financial stock, with Asia representing 20% of its earnings. After a difficult fourth quarter that posted weak results out of Asia, the first quarter showed a healthy recovery there. It makes sense, as Asia was hit by the coronavirus first.

The message from management on the first quarter call was that sales were strong in countries out of lockdown. Countries still in lockdown saw weak sales.

Foolish bottom line

The three financial stocks I have discussed in this article have two big things going for them. First, they have very attractive dividend yields. And second, they are top dividend stocks in their industries with [leading fundamentals and long-term staying power](#), which makes them very attractive buys today for additional income.

CATEGORY

1. Bank Stocks
2. Dividend Stocks

TICKERS GLOBAL

1. NYSE:RY (Royal Bank of Canada)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:RY (Royal Bank of Canada)
4. TSX:SLF (Sun Life Financial Inc.)
5. TSX:TD (The Toronto-Dominion Bank)

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