



TFSA Income for Life: 2 Secure Income Stocks to Buy This June

Description

Your Tax-Free Savings Account (TFSA) is a powerful tool that can provide you with tax-free TFSA income for life. If you've contributed regularly while using proceeds to invest in high-quality stocks systematically, you're well on your way to a comfortable retirement that can be financed, at least in part, by tax-free dividends and distributions.

Amidst this unprecedented [COVID-19 pandemic](#), the dividends of many firms have fallen on less stable financial footing. A growing number of companies are putting their dividends on the chopping block, as pressures and uncertainties weigh. As a result, many TFSA investors who've invested in such companies will find their monthly or quarterly payouts will be lacking over the coming weeks and months.

For many Canadians, such dividend reductions are viewed as unforgivable given these are the times when they need the TFSA income the most.

Fortunately, a few firms are bucking the trend by increasing their dividends despite the greater uncertainties brought forth by the COVID-19 pandemic. Such firms that can be relied upon by investors who depend on their monthly TFSA income payments.

Consider shares of **Shaw Communications** ([TSX:SJR.B](#))([NYSE:SJR](#)) and **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)), two shareholder-friendly companies that are in a spot to continue raising the yield bar, even as most other companies lower theirs in the face of the coronavirus recession.

The two stocks sport yields of 4.9% and 7.3%, respectively. Let's have a closer look at each high-yield firm to see which, if any, is [worthy of your TFSA income stream](#) at today's valuations.

Shaw Communications: For extra defensive TFSA income

When it comes to securing your dividends for a coming recession, the telecom industry is where you'll want to be if you can get in at a reasonable price. Telecoms are a great way to play defence, but Shaw takes it to another level.

I've said it before and I'll say it again. Shaw and its "inferior" low-cost telecom services offered by Freedom Mobile will stand to gain ground over the premium incumbents in the Big Three.

In times of recession, Canadians will need every dollar to go that much farther. With one of the best value propositions in the telecom scene through Freedom Mobile, Shaw is in a spot to benefit from subscriber growth as Canadian telecom contracts come due.

At the time of writing, Shaw trades at a modest 2.3 times sales, 2.0 times book, and 8.1 times EV/EBITDA, all of which are slightly lower than the stock's five-year historical average multiples of 2.5, 2.2, and 9.1, respectively.

From a historical perspective, Shaw stock looks about 10% cheaper when it ought to be 10% more expensive given where we're at in the market cycle and how aggressively Freedom Mobile has been lowering the price bar of late.

Enbridge: Shareholder-friendliness at its finest

For those seeking more yield per invested dollar, there's Enbridge, which, while under some pressure of late, is in a spot to continue growing its dividend through this pandemic.

Call Enbridge's management stubborn if you like, but they'll go to great lengths to keep its dividend promise to shareholders. Whether that means borrowing to finance the dividend (and 10% in dividend growth), or selling off non-core assets, Enbridge clearly wants to retain its reputation as a dependable provider of growing TFSA income.

With promising potential growth catalysts in the cards over the next few years, I see a scenario where Enbridge could renew its 10% annual dividend growth commitment to investors.

At the time of writing, Enbridge trades at 1.5 times book and 9.1 times cash flow, both of which are considerably lower than the stock's five-year historical average multiples of 2.5, and 9.6, respectively.

Could Enbridge be Canada's next Dividend Aristocrat? Only time will tell, but given the firm's demonstrated resilience through the last few years of tremendous headwinds, I certainly wouldn't bet against the end of Enbridge's impressive dividend streak, even in the face of this unprecedented crisis.

CATEGORY

1. Coronavirus
2. Dividend Stocks
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TICKERS GLOBAL

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2. NYSE:SJR (Shaw Communications Inc.)
3. TSX:ENB (Enbridge Inc.)
4. TSX:SJR.B (Shaw Communications)

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