



2 Top Canadian Dividend Stocks Now Yielding 6% for Your TFSA Pension Plan

Description

Canadian pensioners and other TFSA retirement investors want to get the best [yield](#) possible on their savings without adding too much risk.

The pullback in the **TSX Index** in 2020 is finally giving dividend investors a chance to buy top-quality stocks at reasonable prices. Several now offer above-average dividend yields.

Let's take a look at three stocks that might be interesting picks for your TFSA [buy list](#) today.

Bank of Nova Scotia

Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#)) is Canada's third-largest bank by market capitalization.

Financial stocks dropped in recent months amid concerns the pandemic lockdowns will drive record defaults on mortgages, car loans, and credit card debt.

Bank of Nova Scotia and its peers have deferred mortgage payments for struggling clients to help them get through the worst months. In addition, the banks cut some rates on credit card balances. These efforts, in combination with government aid programs, should reduce the number of eventual defaults and loan losses.

Unemployment jumped above 13% in April. The May and June job gains reduced that level, and more progress is expected, as the provinces continue to reopen their economies.

Bank of Nova Scotia's international operations primarily focus on Latin America. The bank invested billion of dollars in the past decade to build a strong presence in Mexico, Peru, Chile, and Colombia. The pandemic is hitting the region hard, and Bank of Nova Scotia already booked \$1 billion in provisions for credit losses in the international group.

Despite the near-term challenges, the bank remains very profitable and has the capital to make it through the recession. The housing market in Canada remains solid and a V-shaped economic

rebound could result in lower-than-expected loan losses.

The stock trades near \$56 compared to \$74 in February, so there is decent upside potential as the economy recovers. Investors who buy Bank of Nova Scotia today can get a 6.3% dividend yield.

BCE

BCE ([TSX:BCE](#))([NYSE:BCE](#)) is Canada's largest communications firm with world-class wireless and wireline networks.

The company invests billions to steadily upgrade the network infrastructure. As a result, customers have been able to work from home during the pandemic. The network has handled the surge in data demand due to video conferencing and increased streaming of entertainment content.

BCE's fibre-to-the-premises program protects its competitive moat while ensuring clients get the broadband they need.

The free unlimited internet provision BCE offered to help clients during the pandemic ended at the beginning of July. This could trigger a rise in plan upgrades in Q3, as people remain home-based and require the additional capacity.

The media group's results for 2020 are going to be rough due to the reduced advertising across the TV and radio stations. Store closures have impacted BCE's retail operations, and the sports teams are just starting to get back on track. That said, the media division is relatively small compared to the revenue from mobile, TV, and internet subscriptions.

BCE generates solid free cash flow to support the dividend. The stock trades near \$56 at the time of writing and provides a 6% dividend yield.

The bottom line

Bank of Nova Scotia and BCE are top-quality dividend stocks that currently offer above-average yields.

If you are searching for reliable dividend picks for a TFSA portfolio, these stocks deserve to be on your radar today.

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