Retirees: 2 Top Stocks Yielding 7% Today for Your TFSA Income Fund

Description

Canadian pensioners are searching for reliable dividend stocks to add their TFSA income portfolios.

In normal times, top dividend payers command a premium price, pushing down yields. When a stock starts to yield more than 7%, the market often signals an expectation of a dividend cut.

In recent months, however, the broad-based stock market correction hit the share prices of several top dividend stocks, driving yields to very attractive levels.

The rebound off the lows pulled yields back a bit, but great deals are still available for buy-and-hold income investors. In some cases, investors can get above-average returns from stocks with long track records of paying reliable distributions.

Let's take a look at two stocks that might be interesting picks right now for a dividend buy list.

Power Corporation

Power Corp (TSX:POW) is a holding company with assets in Canada and Europe.

The Canadian investments focus primarily on insurance and wealth management. Last year, Power Corp. took its Power Financial subsidiary private. The Canadian assets held by Power Financial include a 66.9% position in **Great-West Lifeco** and a 62.1% stake in **IGM Financial**. Great-West owns Canada Life, among other subsidiaries. IGM Financial owns IG Wealth Management, Mackenzie Investments, and Investment Planning Counsel.

Wealthsimple is also part of the Power Corp family.

Overseas, Power Financial has a 27.8% interest in Pargesa. The European holding company invests in firms that include a number of Europe's top international businesses spanning several industries.

Power Corp trades near $24.50 per share right now and offers a 7.3% dividend yield. The stock price was above $34 earlier this year, so there is decent upside as the economy recovers.

This is a good stock to consider if you want to add a non-bank financial company to your portfolio.

Pembina Pipeline

Pembina Pipeline (TSX:PPL)(NTYSE:PBA) is a key player in the Canadian energy infrastructure industry with a diverse portfolio of integrated assets that provide steady revenue and opportunities for growth.

Assets include pipelines that transport oil, gas liquids, and natural gas. The company also owns gas gathering and processing operations and a propane export terminal. In addition, Pembina Pipeline is planning a liquefied natural gas (LNG) terminal in the United States.

The company began operations 65 years ago and has expanded through strategic acquisitions and development projects. That trend should continue amid ongoing consolidation in the sector.

Pembina Pipeline enjoys a strong balance sheet and has a solid credit rating. The Q1 2020 earnings and adjusted cash flow from operations came in at the same level as Q1 2019.

In the Q1 report, the company said it expects cash flow from operating activities to be sufficient to meet short-term and long-term operating obligations, capital investments, and dividends.

The stock trades close to $34 per share compared to $53 in February. Investors who buy now can pick up a 7.4% dividend yield.

The bottom line

Power Corp and Pembina Pipeline pay attractive dividends that should be safe. The stocks still appear oversold, so investors have a shot at decent upside as the economy recovers while collecting above-average dividend yields.

If you have some cash available in your TFSA income fund, I would probably split a new investment between the two stocks today.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:POW (Power Corporation of Canada)
3. TSX:PPL (Pembina Pipeline Corporation)

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