TFSA Investors: 2 High-Yielding Dividend Stocks That Just Raised Their Payouts

Description

If you use a Tax-Free Savings Account (TFSA), then you know just how valuable growing dividend stocks are. Since dividend income isn't taxable within a TFSA, it's a great way to grow your portfolio's value without having to worry about incurring a big tax bill later on.

And unlike a Registered Retirement Savings Plan, you don't need to worry about withdrawing the money too early and being taxed for doing so. Dividend stocks can generate a lot of income for your portfolio, which can make your life a whole lot easier later on.

The two dividend-growth stocks listed below can be great options to add to your TFSA for many years.

Emera

Utility company **Emera** (TSX:EMA) is one of the better dividend stocks that you can own on the TSX. With a beta of around 0.2, this isn't a stock that you'll have to worry about going on wild swings. Year to date, its stock is down 3%, which is slightly better than how the TSX has done during that time, declining by more than 4%. And with profits in each of the past four quarters, the company has done well, even during the COVID-19 pandemic. Utilities are, after all, a necessity and stocks in this sector are fairly resilient.

On Wednesday, the company announced that it would be increasing its dividend by 4.1% from an annual rate of $2.55 to $2.45. On a quarterly basis, that means investors will be earning $0.6375.

The company's president and CEO Scott Balfour said that the dividend-growth rate would remain between 4% and 5% until 2022. Emera has been growing its dividend over the years, and in late 2015 it was paying $0.47. It has risen by 35.6% since then, averaging a compounded annual growth rate (CAGR) of 6.3% during that time.

With the increase in yield, investors who buy the stock today will be earning 4.7% per year.

Savaria

Personal mobility company **Savaria** (TSX:SIS) announced on Tuesday that it would be increasing its dividend payments by 4.3% to $0.48 per year. Unlike Emera, which pays on a quarterly basis, Savaria's payments are made every month. Effectively, its monthly payments increase from $0.0383 to $0.04. At a share price of around $15, that means investors will now be earning a yield of 3.1%.

The company has also been consistently profitable, finishing in the black in each of the past four quarters and continuing to enjoy a stable profit margin of at least 6% during that time. Although sales in its most recent quarter totaled $85 million and were down 9.9% year over year, the company remains optimistic that with consumers investing into their homes amid the pandemic, that demand for its wheelchair lifts and other mobility products will remain strong.

Year to date, Savaria has been a fairly stable stock to hold in 2020, rising more than 9% thus far. With the stock trading at a forward price-to-earnings multiple of about 23, Savaria isn't too expensive of a stock to own given the long-term growth potential it offers, as demand for personal mobility products will likely rise as the demographics of the country get older. And with a growing dividend, it could be a great stock to hold for many years inside your TFSA.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:EMA (Emera Incorporated)
2. TSX:SIS (Savaria Corporation)

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djagielski