



TFSA Users: 3 Dividend Stocks for Tax-Free Income the Canada Revenue Agency Can't Touch!

Description

If you're looking to make some extra income — and let's face it, aren't we all? — then dividend stocks are your best bet. While there is the chance of making huge returns from some stocks, it's risky. There are likely to be even more crashes over the next several months, if not years. That's all thanks to both the pandemic, as well as a poor global economic situation.

Then there are dividend stocks. These stocks provide you with income pretty much no matter what. Even if some of these stocks have slashed dividends, you really only have to look forward to them going back up. And if all of those are stashed in a Tax-Free Savings Account (TFSA), you can bring in all that income absolutely free! But here are a few that haven't slashed dividends, and should see huge returns for the next several decades.

Pembina

Pembina Pipeline ([TSX:PPL](#))([NYSE:PBA](#)) is a one of the best dividend stocks out there. It dishes out dividends each and every month, and has a lot for investors to look forward to. The company has several growth projects coming out in the next few years, and this should send the stock soaring. Meanwhile, you can look forward to the company's whopping 9.04% dividend yield as of writing.

That yield is so high because Pembina's share price is about half where it should be. Right now, its price-to-earnings (P/E) ratio is at 16.1 times for the last 12 months. That leaves investors with the chance to buy up cheap and look forward to the company's growth. On top of that, there is also the solid revenue stream it gets from long-term contracts. Basically, Pembina and its dividend aren't going anywhere.

Algonquin

The one issue with Pembina is if you're going to hold onto it for the next [40 years](#). By that time, it's highly likely that the world will have moved almost completely away from oil and gas. Governments are

already starting to divert money away from oil and gas companies that have continued to disappoint over the last few years. Instead, governments are looking to renewable energy.

That's why a company like **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) is such a great investment. It has the utility business well in hand, growing through acquisition over the last few years. Meanwhile, it's started to invest in renewable energy. As this area grows, the company will have funds from utilities to pay for its renewable energy growth. That's why its P/E ratio is at a similar 15.8 times as of writing. Meanwhile, its returns have come in at 166% for the last five years, as utilities remain strong no matter what the economy does. So does its dividend, which is now at 3.96%.

CIBC

Finally, we have a Big Six Bank stock. I'm picking **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)) mainly due to its spot as the highest dividend producer of the banks. But the company is strong in its own right, at least it will be. Right now, the economy is in a tight spot, and that leaves CIBC [open to a fall](#). It's simply too invested in the Canadian market.

But all that could change in the next few years, as CIBC has started to expand to other countries and diversify its portfolio. It'll be an uphill battle, but investors can be patient with a 5.83% dividend yield as of writing. As for the banking industry, Canadian banks soared out of the last recession. So, Canadians can look forward to this happening once again.

CATEGORY

1. Coronavirus
2. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:CM (Canadian Imperial Bank of Commerce)
3. NYSE:PBA (Pembina Pipeline Corporation)
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6. TSX:PPL (Pembina Pipeline Corporation)

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