2 Dirt-Cheap Dividend Stocks That Are Paying up to 6.4%

Description

If you're looking for stocks to put into your Tax-Free Savings Account (TFSA), there are some great deals out there today. The two stocks listed below aren't just cheap but they also pay some great yields, with the largest one coming in at 6.4%. Here are two dividend stocks you should consider buying right now.

Hydro One

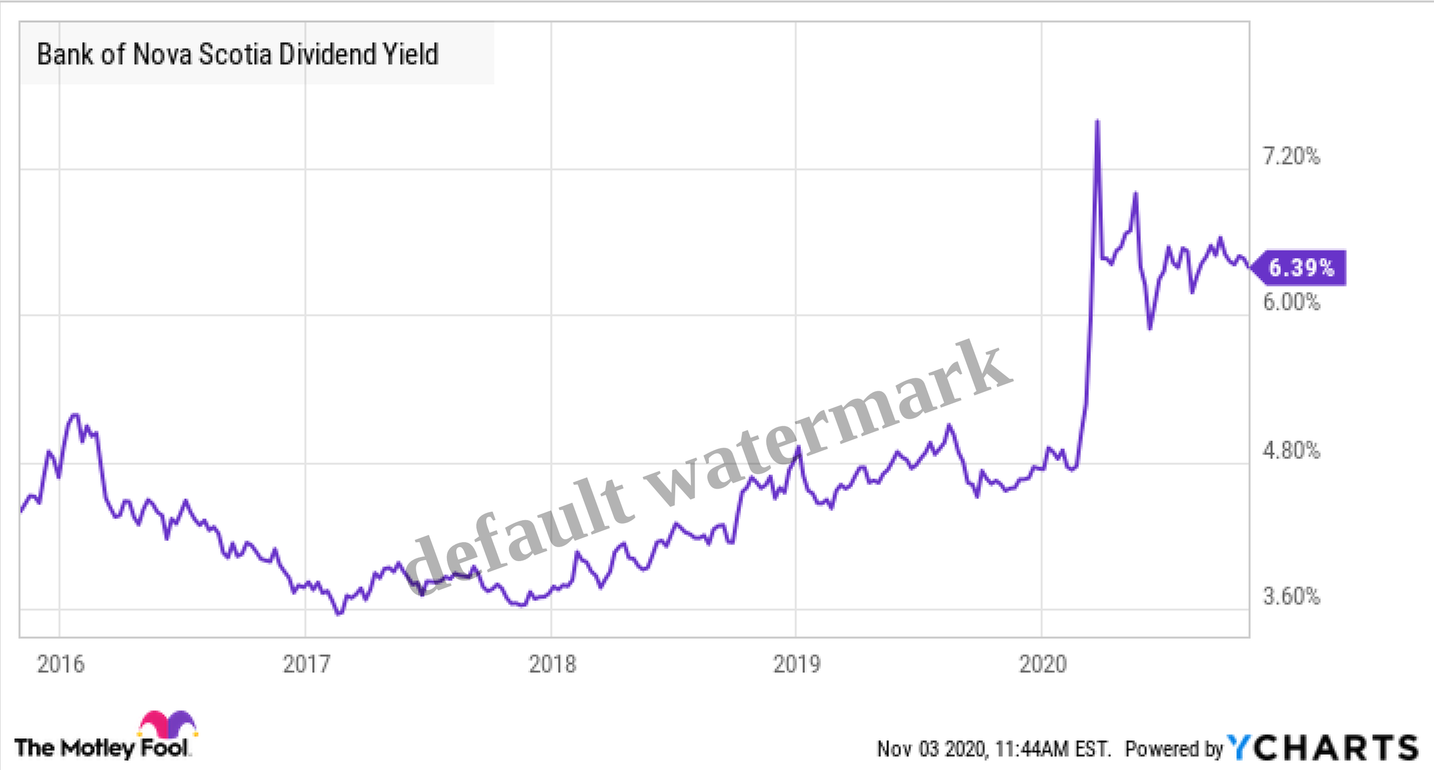
Hydro One (TSX:H) is a top utility stock that you can bank on for consistency. It reports its latest earnings later this week, but you shouldn't expect a big swing in profitability or revenue. Utility companies enjoy lots of stability and recurring revenue, and Hydro One is no exception to that. In each of the last 10 quarters, Hydro One has posted sales of at least $1.4 billion. And its operating margin typically hovers around 20%. Strong margins and consistent sales numbers make this a safe dividend stock to hold on to for the long term.

Currently, Hydro One pays a quarterly dividend of $0.2536, which yields 3.4% annually. On a $25,000 investment, that would generate $850 in income for your TFSA every year. Hydro One has also increased those payouts by 10% from the $0.23 that it was paying two years ago. And what makes it an even more appealing buy is that Hydro One stock is trading at just 10 times its earnings — value investors typically look for earnings multiples of 15 or less. Investors are also paying a fairly modest 1.7 times book value for shares of the Ontario-based utility company.

Scotiabank

Bank of Nova Scotia (TSX:BNS)(NYSE:BNS) is another attractive investment to put in your TFSA. The big bank stock is down more than 20% this year, as financial stocks by and large haven’trecovered from the market crash in March. Pessimism in the markets surrounding a long recession iscontributing to their poor performances this year. But bank stocks are generally safe investments tohold onto over the long term and will recover from this downturn like they have from the others in thepast.

Today, the stock pays investors a quarterly dividend of $0.90, which yields around 6.4%. For the bank stock, that’s not a typical payout:



Investors should consider taking advantage of this high payout while it lasts, because as the economy recovers, so too will shares of Scotiabank, and that will push this dividend yield down. If you were to invest $25,000 into Scotiabank, you could earn $1,600 in annual dividend income at this rate.

And like Hydro One, Scotiabank is also a cheap stock to pick up today, trading right around its book value. And its price-to-earnings multiple is also right around 10.

Bottom line

Either of these two stocks can be great long-term investments and with both of them trading at dirt-cheap prices, now is a great time to consider adding them to your portfolio and locking in some high payouts. Don’t forget that inside of a TFSA all the dividend income and capital gains you’ll earn from these stocks will not be taxable.

Scotiabank and Hydro One can be pillars for your portfolio that can help add stability and recurring income.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. TSX:BNS (Bank Of Nova Scotia)
3. TSX:H (Hydro One Limited)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
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