



TFSA Investors 2021: Buy These 3 High-Yield Dividend Stocks

Description

The Tax-Free Savings Account (TFSA) is a savings tool that we must put to use. It was introduced by the Canada Revenue Agency (CRA) in 2009. It promises a lot for both the economy and investors.

When then finance minister Jim Flaherty thought of this idea, Canada was struggling with a lack of savings in the population. The TFSA was meant to address this. As the CRA puts it, "an RRSP is primarily intended for retirement." "The TFSA is like an RRSP for everything else in your life."

Here at the Motley Fool, [our goal is to help you grow your savings](#). So, whether you're an RRSP investor or a TFSA investor looking for stock ideas, you've come to the right place.

Without further ado, here are three high dividend yield stocks to buy for your TFSA in 2021.

AltaGas stock: A 5% dividend yield for tax-free TFSA income

AltaGas ([TSX:ALA](#)) has had a rough few years. But it has emerged a leader. In fact, AltaGas is a \$20 billion North America energy giant. Its assets range from utility assets to natural gas pipeline assets. Its earnings are secure. And its balance sheet is top notch.

But it wasn't always like this. A few years ago, AltaGas got into trouble. It was a sound strategic acquisition. But the price paid and the debt needed proved to be too much for AltaGas. So, the company reduced its dividend. It also rationalized its assets. This experience, unfortunately, lost many investors. I mean, investing in AltaGas was supposed to mean a dividend that could be counted on

But here is the opportunity for today. AltaGas stock still lives in the shadows of this experience. Investors are skeptical. So, the stock trades at very depressed multiples. Even though revenue and cash flows are soaring. Add AltaGas to your TFSA in 2021 to take advantage of this discrepancy.

Fortis stock: A 4% dividend yield for TFSA investors — money the CRA can't touch

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) is a pillar of strength on the TSX. It's also a prime example of strong dividend growth and shareholder returns. After all, Fortis is a leader in the regulated gas and electric utility industry in North America.

For example, Fortis has a history of 47 consecutive years of dividend growth. Looking ahead, Fortis has committed to grow dividends by 6% annually through 2025. This is as good as it gets. Fortis stock's dividends are reliable, predictable, and tax-free in your TFSA — perfect for TFSA investors.

Enbridge stock: A juicy 8% dividend yield sheltered from the CRA

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is a slightly different beast. Enbridge has been in the throes of turmoil in the last few years. But this is not a reflection of the actual company. It's actually a reflection of its industry. The pipeline industry has been quite brutal. We can all agree that additional pipeline capacity is needed in Canada. [Yet the government has been an obstacle to approvals](#). Balancing the energy needs of today with stopping climate change has not been easy.

So, here we are today with Enbridge stock yielding almost 8%. This is a phenomenal dividend yield for a TFSA stock. It is especially phenomenal considering Enbridge's strength. I'm referring to the strength in its highly diversified business model. I'm also referring to the strength in its regulated pipeline and utility businesses. This has all translated into strong dividend and cash flow growth over the years.

In the last five years, Enbridge's dividend has grown at a compound annual growth rate of 8.85%. Let me remind you, this was a period when the price of oil was extremely volatile. But Enbridge continued to chug along, happily growing its cash flow and increasing its dividend, keeping TFSA investors happy.

Motley Fool: The bottom line

High dividend yield stocks are especially valuable for TFSA investors. Because the tax savings from the TFSA are significant and they compound over time. Consider adding AltaGas, Fortis, and Enbridge stock to your TFSA in 2021. Start 2021 with massive tax-free dividend income.

CATEGORY

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2. NYSE:FTS (Fortis Inc.)

3. TSX:ALA (AltaGas Ltd.)
4. TSX:ENB (Enbridge Inc.)
5. TSX:FTS (Fortis Inc.)

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