TFSA Investors: 3 Canadian Dividend Stocks for a Growing Passive Income

Description

The Tax-Free Savings Account (TFSA) contribution limit is $6,000 for 2021. Meanwhile, for those who haven't contributed to TFSA before, the total cumulative limit stands at $75,500.

An investment of $75,500 through your TFSA in top-quality dividend stocks could fetch a tax-free passive income each month, which would continue to grow with you. Take **Enbridge** (TSX:ENB)(NYSE:ENB) stock, for instance. Enbridge is currently yielding about 8.2%, implying a $75,500 investment in its stock could generate a dividend income of $6,116/year or $510/month.

While Enbridge remains a top stock for income investors, we'll focus on three more such high-quality dividend stocks that could continue to increase their dividends in 2021 and beyond.

TC Energy

TC Energy (TSX:TRP)(NYSE:TRP) is a top stock that has consistently raised its dividends in the past two decades and could continue to do so in the coming years. Its high-quality and diversified asset base generates resilient and growing cash flows that drive its dividends.

The energy infrastructure company derives about 95% of its comparable EBITDA from rate-regulated assets or long-term contracts. Notably, its assets recorded a high utilization rate, despite the COVID-19 pandemic in the background.

TC Energy's low-risk business, regulated assets, long-term contracts, and continued investments are likely to support its earnings and cash flows over the next decade. Meanwhile, the company projects an 8-10% growth in its 2021 dividend. Moreover, it forecasts a 5-7% increase in its annual dividends post 2021.

TC Energy pays a quarterly dividend of $0.81 a share, translating into a yield of 6.2%.

Fortis

Thanks to its rate-regulated assets and predictable cash flows, **Fortis** (TSX:FTS)(NYSE:FTS
) has consistently boosted investors' returns through higher dividend payments. The company's $19.6 billion five-year capital plan is expected to increase its rate to $40.3 billion, which is likely to drive its earnings and dividends in the coming years.

Fortis projects its dividends to increase by 6% annually through 2025 and currently pays a quarterly dividend of $0.51 a share, reflecting a yield of 3.9%.

The company's continued investment in regulated assets is likely to support its high-quality earnings base. Meanwhile, opportunistic acquisitions, expansion of renewable power business, and cost-reduction measures are likely to drive its top and bottom line and support the uptrend in its stock.

Emera

With its regulated portfolio of electric and natural gas utilities, **Emera** (TSX:EMA) is another high-quality stock for a growing passive-income stream. The company derives 95% of its earnings from the regulated utility assets. Moreover, Emera has increased its dividend at a CAGR (compound annual growth rate) of 6% since 2000.

Emera projects its rate base to increase at a CAGR of 7.5-8.5% through 2023, which is likely to support its high-quality earnings and cash flows. Moreover, Emera expects its dividend to increase by 4-5% through 2022.

The company's high-quality utility and energy assets, rate base growth, and transition toward cleaner energy positions it well to deliver healthy growth in the coming years. The utility company pays a quarterly dividend of $0.64 a share, reflecting a yield of 4.7%.

Final thoughts

The dividends of these companies are pretty safe and could continue to increase in the coming years. Investors eyeing a tax-free passive-income stream could consider buying these stocks right now.

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Date
2025/08/25
Date Created
2020/12/30
Author
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