



Got \$6,000? 3 TFSA Dividend Stock Picks for 2021

Description

Investors' confidence in the stock market is high following the spectacular rebound of the TSX from the COVID-induced crash in 2020. Meanwhile, Tax-Free Savings Account (TFSA) users have an additional \$6,000 contribution room to invest again in 2021.

There are three dividend stocks to choose from, depending on your risk appetite. Pick any one to maximize your TFSA limit and [earn tax-free income](#) once more.

Dividend king

The energy sector remains volatile, although dividend king **Keyera** ([TSX:KEY](#)) is well positioned to endure the headwinds that persist in the industry. This energy stock stands out as the top income stock for the TFSA in 2021 because it pays a lucrative 7.56% dividend.

Your \$6,000 TFSA contribution will produce \$453.60 in tax-free income. Keyera is a stalwart in the oil and gas industry. Investment-grade customers flock to the company mainly due to its integrated midstream business model. Similarly, it can operate complex energy processing facilities — an expertise that's hard to match.

While the industry is in a slump, it doesn't mean Keyera can't weather the storm. Since its contracts with counter-parties are long-term, fee-for-service cash flows will remain stable. Furthermore, management capitalizes on growth opportunities, including increasing the existing gas processing and condensate handling capacities.

Hard-to-miss income stock

Atco Ltd. ([TSX:ACO.X](#)), Alberta's largest natural gas distribution company, is hard to miss because of its long history of dividend growth. The \$4.37 billion diversified utility company provides a host of integrated solutions. Among them are electricity, pipelines & liquids, structures & logistics, commercial real estate and retail energy.

This reliable income stock trades at \$38.11 per share and pays a decent 4.73% dividend. You'll have \$283,80 in extra tax-free income from a \$6,000 position. The stock price today is a good entry considering it was 22.5% lower a year ago. Analysts forecast the price to climb 33.8% to \$51 in the next 12 months.

ATCO's asset base consists of 21 power plants with a generation capacity of 2500+ MW generation capacity), electric power lines (87,000 km), and natural gas pipelines (64,500 km) plus a huge hydrocarbon storage capacity. Finally, the stock boasts of a 26-year track record of increasing dividends.

For risk-averse TFSA investors

For [risk-averse TFSA investors](#), the leading food and pharmaceutical company in Ontario and Quebec is the hands-down choice. **Metro Inc.** (TSX:MU) has proven its resiliency again in the wake of the pandemic. Although this \$14.48 billion company pays a modest 1.54% dividend, you're buying peace of mind at \$57.90 per share.

Metro's price today is 7.3% higher than it was 12 months ago. Analysts forecast the stock to soar 20.9% to \$70 in the next 12 months. In fiscal 2020 (year ended September 26, 2020), the prominent retailer reported 7.3% and 11.5% growth top and bottom lines.

Long-term growth is on the horizon due to the ongoing investments in stores, supply chain and merchandising programs. Metro's latest program, "My Health, My Choices," aims to build market intelligence about its customer base. Nearly 9,000 products will have green labels showing health and nutritional information to consumers.

Align your risk appetite

Keyera, Atco Ltd., and Metro Inc. are among the top dividend stock picks for TFSA users this year. Each company has unique attributes and attendant risks. Make sure your choice aligns with your risk appetite.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. TSX:ACO.X (ATCO Ltd.)
2. TSX:KEY (Keyera Corp.)

3. TSX:MRU (Metro Inc.)

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