



TFSA Investors: 2 Top High-Yield Stocks I'd Buy With \$6,000 in 2021

Description

Tax-Free Savings Account (TFSA) income investors search for [top dividend stocks](#) to boost returns on their savings.

TFSA investing for retirees

Retirees make up a good chunk of the income-investor crowd. They have savings to invest and want to get better returns than currently offered on GICs. The TFSA contribution limit increased by \$6,000 in 2021 bringing the total cumulative TFSA space to \$75,500.

That's adequate room to create a solid tax-free portfolio of top dividend stocks that provide attractive yields. Stocks carry risk, but GICs only offer about 1% right now which is less than [expected 2021 inflation](#) of as much as 2%.

As a result, retirees are turning to stocks with reliable dividends to boost income. Fortunately, a number of the best Canadian dividend stocks trade at reasonable prices right now and offer attractive yields.

Here are two high-yield dividend stocks I would add to my TFSA portfolio in 2021 using the new \$6,000 TFSA limit.

A top high-yield pick for a TFSA

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)) trades near \$55 per share at the time of writing compared to \$76 before the arrival of the pandemic. Investors who buy now can pick up a 5.9% yield and should see a dividend hike of 8-10% in 2021.

The board says it intends to boost the payout by that much this year and by 5-7% for 2022 and beyond. That's great guidance in challenging economic times.

TC Energy has more than \$30 billion in development projects. Joe Biden just rescinded the presidential permit for the Keystone XL oil pipeline. While that's a blow to TC Energy, the market anticipated the move and investors might actually be relieved that the troubled project is now in the rearview mirror.

TC Energy's core operations focus on natural gas and power generation. The strategic natural gas transmission assets link key production regions with distribution utilities that deliver the essential fuel to homes and businesses. TC Energy also connects to Liquefied Natural Gas (LNG) facilities that prepare the natural gas for shipment to international markets. The LNG sector is growing and TC Energy is positioned well to benefit.

Warren Buffett's company **Berkshire Hathaway** spent US\$10 billion on a natural gas transmission acquisition last year, so the smart money sees long-term value in this part of the [energy sector](#).

An attractive income stock in 2021

Power Corp ([TSX:POW](#)) offers a 5.9% dividend yield at the current price near \$30 per share. The stock traded as high as \$35 in the past year, so there is decent upside potential. In fact, the market doesn't seem to appreciate the value of all the subsidiaries held in Power Corp's portfolio.

Power Corp has a market capitalization of about \$19 billion. It owns 66.9% of **Great-West Lifeco** ([TSX:GWO](#)). That position is worth roughly \$18.4 billion based on the current market cap of about \$27.5 billion.

Power Corp's 62.1% position in **IGM Financial** ([TSX:IGM](#)) adds up to about \$5 billion of the market value of that firm.

In addition, Power Corp has a number of investment and asset management subsidiaries with positions in a variety of Canadian and international interests.

As such, the stock looks cheap at the current valuation and investors get a reliable dividend with above-average yield.

The bottom line

TFSA income investors have several top dividend stocks to choose from today that offer attractive yields. If you have \$6,000 to invest this year I would put TC Energy and Power Corp on the buy list.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BRK.B (Berkshire Hathaway Inc.)
2. NYSE:TRP (Tc Energy)
3. TSX:POW (Power Corporation of Canada)
4. TSX:TRP (TC Energy Corporation)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Investing

Date

2025/08/15

Date Created

2021/01/29

Author

aswalker

default watermark

default watermark