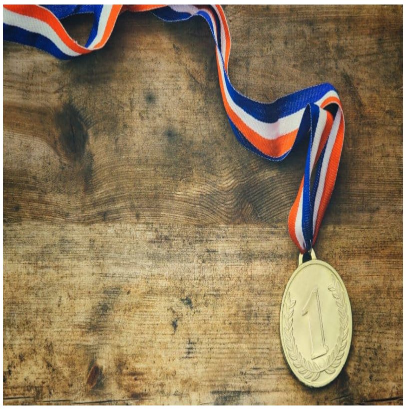

TFSA Investors: Best Dividend Stocks to Buy Today

Description

The Tax-Free Savings Account (TFSA) has become the favourite registered account among Canadians, supplanting the Registered Retirement Savings Plan (RRSP) over the past decade. This should not come as a big surprise. The TFSA offers great flexibility and the chance to gobble up tax-free capital gains. That is a nice boon considering the performance of the market over the past decade. Fortunately, the TFSA can also be a fantastic vehicle for income generation. Today, I want to look at three dividend stocks that are worth scooping up in the middle of October. Let's jump in.

This is a dividend stock I'd snatch up as inflation climbs

Russel Metals (TSX:RUS) is a Mississauga-based company that distributes steel and other metal products in North America. Last week, I'd discussed why this dividend stock was a solid target with inflation on the rise. Shares of Russel Metals have climbed 41% in 2021 as of close on October 8. The stock is up 67% year over year.

The company is set to release its third-quarter 2021 results in early November. In Q2 2021, Russel reported revenues of $1.06 billion — up from $588 million in the second quarter of 2020. Meanwhile, adjusted EBITDA increased to $178 million over $32 million in the previous year. Russel and its peers have benefited from higher steel and metals prices since the beginning of 2021.

Shares of this dividend stock last had a favourable price-to-earnings (P/E) ratio of 9.6. TFSA investors can count on a quarterly distribution of $0.38 per share. That represents a solid 4.7% yield.

TFSA investors on the hunt for big income should add Keyera

Keyera (TSX:KEY) is a Calgary-based company that is engaged in the energy infrastructure business. This dividend stock has climbed 39% in the year-to-date period. Its shares are up 49% from the prior year. Keyera is a dividend stock worth targeting for TFSA investors.

In Q2 2021, Keyera reported adjusted EBITDA of $224 million — up from $182 million in the prior year.

The company finished the quarter with a strong net debt to adjusted EBITDA of 2.7. Meanwhile, it boasted $1.5 billion in available liquidity. Each of its segment delivered strong margin growth in the quarter.

This dividend stock is trading in solid value territory relative to its industry peers. It offers a monthly dividend of $0.16 per share, which represents a tasty 6% yield. That means that TFSA investors can gobble up monthly tax-free income with Keyera.

One more reliable dividend stock to stash in your TFSA

Back in August, I'd looked at dividend stocks that were perfect for a retirement portfolio. That dependability makes a dividend stock like **Emera** (TSX:EMA) a nice addition to a TFSA. Its shares have climbed 7.9% in the year-to-date period. The stock has slipped 2% month over month, offering a good opportunity to buy Emera on the dip.

The company unveiled its second-quarter 2021 results on August 11. Adjusted earnings per share increased 17% year over year to $1.49 in the first six months of the fiscal year. Emera has benefited from higher earnings contribution from EES and PGS.

Shares of this dividend stock last had a favourable P/E ratio of 23. It offers a quarterly dividend of $0.637 per share. That represents a 4.4% yield.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:EMA (Emera Incorporated)
2. TSX:KEY (Keyera Corp.)
3. TSX:RUS (Russel Metals)

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