



4 Cash Cow Stocks to Buy for Your TFSA and RRSP

Description

The asset selection process for Registered Retirement Savings Accounts (RRSPs) and Tax-Free Savings Accounts (TFSAs) can be quite different. Since you have access to your TFSA funds at any given time, it makes sense to add fast-growing assets to your TFSA so you would have more capital at your disposal if you decide to liquidate all or part of your TFSA portfolio. Dividend stocks intended for a passive income should also be part of your TFSA. For RRSPs, it's a good idea to think more long-term.

Still, some stocks, especially dividend stocks, would be a good fit for either of the registered accounts.

An energy stock

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)) is a [natural gas company](#) with a market capitalization of \$66 billion, making it one of the largest energy players in North America. The company has diversified its energy business and deals, not just oil and gas but also power. The company is capable of powering about 4.2 GWs, and about three-fourths of it is from emission-less sources.

It has assets across North America, the most considerable of which is the 93,300-kilometre network of natural gas pipelines the company owns and operates.

As an investor, the most attractive part of this reliable and well-established Dividend Aristocrat would be the generous 5.2% yield. In your TFSA, it can help you start a steadily growing passive income. In your RRSP, it can generate cash for other investments, or you can choose the DRIP plan to boost the size of your holding over the course of many years.

A mortgage company

If you are looking for a healthier yield and a company from a differently tenuous sector than energy, **Atrium Mortgage** ([TSX:AI](#)) is a good choice for both your RRSP and your TFSA. The company is currently offering a juicy 6.2% yield at a payout ratio of 95.7%, which is very close to the edge but still on the safe side. And that's not the only thing it offers.

Atrium Mortgage's five-year compound annual growth rate (CAGR) of 11.5% indicates its modest growth potential. But more than the pace of its growth, the sustainability and consistency (so far) are worth noting and investing in. The price is just right as well, a tad more than fair, but that's actually a bargain for such a promising dividend growth stock.

Another mortgage company

Unlike Atrium that offers custom mortgage solutions, **MCAN Mortgage** ([TSX:MKP](#)) is more on the conventional side. It offers a healthy mix of both commercial and [residential mortgages](#), and the fact that it is a federally regulated mortgage investment company gives it more credibility and weight. Its 7.2% yield makes it perfect for starting a reliable, long-term passive income stream.

The safety of its dividends is indicated by its payout ratio (42.3%). The company fluctuates its dividends much more frequently than most other companies in the financial sector and especially within the mortgage industry. However, it also offers generous special dividends to its investors when the market conditions are in the company's favor.

A REIT

PRO REIT ([TSX:PRV.UN](#)) has a portfolio of about 107 commercial properties, including office, retail, and industrial properties. It's a small REIT, especially if you consider its market capitalization of \$404 million. Over half the rent the REIT collects comes from industrial properties, which has been a thriving asset class for quite a while thanks to the rise of e-commerce.

PRO REIT offers a healthy 6.7% yield. Although it has already slashed its dividends once in recent history, the chances of it doing so again are relatively low.

Foolish takeaway

When you are adding dividend stocks to your RRSP or [your TFSA](#), make sure you have the right long-term plan for the asset you are investing in. You can choose to cash out your dividends (in the case of TFSA) or redirect the cash they produce to other investments (ideally, in your RRSP).

DRIP is another great option that can help you grow the size of your stake in the company, so when you actually start taking out dividends, the payouts could well be significantly larger.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:TRP (Tc Energy)
2. TSX:AI (Atrium Mortgage Investment Corporation)
3. TSX:MKP (MCAN Mortgage Corporation)
4. TSX:PRV.UN (Pro Real Estate Investment Trust)
5. TSX:TRP (TC Energy Corporation)

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