2 Income Stocks With 6% Yield for Your $6,000 TFSA Limit

Description

Oil and sugar don't mix but it's a perfect combination in a Tax-Free Income Savings Account (TFSA). Canadians planning to maximize their TFSA $6,000 limits have two great options in **Canacol Energy** (TSX:CNE) and **Rogers Sugar** (TSX:RSI). The pair of dividend stocks also has two things in common, cheap price and high yields.

The share price of the energy stock is only $3.19 but it yields a mouth-watering 6.46%. You can purchase the consumer staple today at $5.98 per share to partake of the 6.03% dividend. If you allocate $3,000 in each stock to hold in your TFSA, you can generate $374.70 in tax-free income. Any extra income you can earn these days is important because of rising inflation.

Many TFSA investors maximize their limits because it's an instant tax savings. Look at it from a taxpayers' perspective. Investing in Canacol Energy and Rogers Sugar reduces your tax liability since investment returns inside the TFSA are tax-exempt. You can also withdraw the funds anytime and pay zero taxes.

Pure dividend play

Canacol Energy isn't a high flyer but it is popular with yield hungry investors. The operations of this $548.31 million natural gas exploration and production company are in Colombia. With a potential record spending of $209 million, management is confident the goal to be a large supplier for the country's gas needs is achievable.

The company also said it will fund the 2022 capital budget ($172 million to $209 million) from existing cash and cash flows this year. Canacol boasts a large exploration portfolio, so expect the company to channel the bulk of the base capital program to it.

Canacol targets to drill 12 wells, where eight are exploration wells and four are development wells. Other priorities include the optimizing and enhancing the efficiency of the gas processing facilities. It should reduce operating expenses and increase the recovery factor.

Sweet investment

Consumer staple stocks like Rogers Sugar are not exciting like tech stocks. The core business of sugar production is low growth. However, even without a potential capital gain, the dividends should be safe and sustainable because the operations are enduring.

The $615.9 million sugar and maple producer operate in a near-monopoly, so it's a distinct advantage. Sugar is also a need by households and various sectors. Hence, there is demand 100% of the time. Management would have presented its Q1 fiscal 2022 results before this article comes out. However, I still recommend this stock to TFSA investors without seeing the numbers.

In fiscal 2021, Rogers Sugar reported 3.8% and 34.2% increase in revenues and net earnings versus fiscal 2020. Sugar volume increased 2.4% 779,505 metric ton, while maple volume dropped 1.7%. Its president and CEO, Mike Walton, expects improved financial performance in fiscal 2022 if operating conditions are back to normal.

Rogers Sugar hopes to create more value to shareholders with the return to a more traditional and profitable sales mix. Export volumes should likewise increase if market dynamics are favourable again. This consumer staple stock will surely keep TFSA investors whole on the dividend payments.

Understand the risks

Canacol Energy and Rogers Sugar are excellent options for TFSA investors. However, between the two, the consumer staple stock is more stable. The country where the energy company operates is the risk.

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2. Energy Stocks
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