3 High-Yield Dividend Stocks for Tax-Free Income

Description

Are you looking for tax-free passive income in 2022?

If so, now's the time to get it.

Stocks are currently trending down, while their dividend payments are going up. Yields are rising, and the income on investors' portfolios is rising as well. Those investors who hold dividend stocks in TFSAs have the privilege of collecting all of that income tax free. In this article, I will explore three high-yield dividend stocks for tax-free passive income in your TFSA.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is one of Canada's highest-yielding, large-cap stocks. It has a 6% yield at today's prices. That's actually lower than the yield was for most of the last five years. In the 2014/2015 oil price collapse, ENB crashed, which sent its yield higher. Then the company raised its dividend for six consecutive years, while the stock traded mostly flat. That sent the yield higher still. Eventually, it got to the point where ENB was yielding 7%. At the lows during the COVID-19 market crash, the stock yielded 12%!

Since then, the yield on ENB shares has shrunk due to the price going up. Today, with oil and gas prices surging, Enbridge is finally catching a bid. It's still a very high-yield stock, though. A $100,000 position in it would add $6,000 per year in dividend income to your portfolio.

Pembina Pipeline

Pembina Pipeline (TSX:PPL)(NYSE:PBA) is another pipeline stock like Enbridge. With a 5.34% yield, it pays out much more income than the average TSX stock. The company recently put out an earnings release that showed higher revenue than analysts expected:

- Revenue: $2.56 billion, up 56%

- Gross profit: $785 million, up 217%
- Earnings: $80 million, up from a $1.2 billion loss
- Adjusted cash from operations: $734 million, up 221%
- Adjusted EBITDA: $970 million, up 12%

It was a pretty solid quarter. And with cash flow being more than double common share dividends, the cash flow payout ratio is under 50%. So, you've got a high-yielding stock whose dividend is more than adequately covered.

Canadian Imperial Bank of Commerce

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM) is a Canadian bank stock that yields 4%. Canadian banks underwent a rally last year that shrunk their yields considerably. Most TSX banks now yield about 3.5%. CM is one of the few still above the 4% threshold.

Its stock hasn't gone up nearly as much as its peer banks over the years, so it produces a little more income. This is partially justified. CM has far less of a foreign presence than its Big Six peers. This means that it has less growth potential and more proportional exposure to Canada's ballooning mortgage debt.

On the whole, CM does not have as much potential as some of the other TSX banks. But it does have a very high yield. So, it may be a suitable choice for a pure income portfolio. Just know that when you buy this stock, you probably won't see remarkable capital gains. The returns will mostly come from the dividend.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:PBA (Pembina Pipeline Corporation)
4. TSX:CM (Canadian Imperial Bank of Commerce)
5. TSX:ENB (Enbridge Inc.)
6. TSX:PPL (Pembina Pipeline Corporation)

PARTNER-FEEDS

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

PP NOTIFY USER

1. andrewbutton
2. kduncombe

Category

1. Investing

Date
2025/08/25
Date Created
2022/03/09
Author
andrewbutton