



## Want a TFSA that Yields 5%? 3 Top Dividend Stocks to Buy Now

### Description

The [Tax-Free Savings Account](#) (TFSA) is a handy tool Canadians can use to begin saving, investing, and compounding our hard-earned capital. And what's great about the TFSA is that there are various strategies you can use to grow your money. One of the best and most popular ways of investing is to buy high-quality dividend stocks and build a passive income stream.

For example, earning a 5% [yield](#) on your investments by owning equities that can continue to gain value over the long haul is an incredible way to grow and compound your income.

To do so, though, you'll have to buy plenty of high-quality and reliable stocks. Of course, you want to make sure that you can protect your well-earned money that you're putting to work. But you also want to make sure that the dividends they provide are reliable and have little or even no risk of being impacted.

So if you're looking to build a passive income stream in your TFSA, here are three of the top dividend stocks to buy now.

### An incredibly reliable investment for dividend growth

If you're building a portfolio of high-quality dividend stocks, you should first consider buying highly resilient, core portfolio stocks, such as **Emera** ([TSX:EMA](#)).

Emera is a utility stock with incredibly defensive and diversified operations. This makes it reliable because it's constantly earning tonnes of cash flow. And cash flow is king when it comes to funding the dividend.

And while the stock has a dividend yield slightly below 5%, it's still one of the best dividend stocks to buy due to the resiliency it can provide your portfolio. Furthermore, with the dividend growth it offers each year, you can grow both the value of your portfolio and total amount of passive income you're receiving each year.

In the last five years, Emera's dividend has increased by over 17% as the stock's revenue and [earnings per share](#) (EPS) have increased by 35% and 50%, respectively. This consistent performance makes it one of the top dividend stocks to buy for your TFSA.

## One of the best blue-chip stocks that investors can buy

Along with highly reliable dividend stocks that have a slightly lower yield, to achieve a 5% yield in your portfolio, you'll also want higher yielding stocks. A high yield is attractive because it returns even more passive income. Better still, with a high-yield stock that's also a dividend growth stock, like **Enbridge** ([TSX:ENB](#)) ([NYSE:ENB](#)), you can earn even more.

Enbridge is exceptional because, although it can be considered slightly higher risk, its sheer size and importance to the North American economy make it incredibly reliable.

For example, the stock transports nearly a third of all the oil produced and roughly one-fifth of all the natural gas consumed in the United States. Plus, it has several other segments, including energy storage and a rapidly growing green energy portfolio.

Furthermore, Enbridge's annual dividend increases are not something new. In fact, it's consistently increased its payout to investors every year for more than a quarter century.

And over the last five years, as its revenue and EPS have gained 36% and 49%, respectively, its dividend has also increased by an impressive 41% and now offers a yield of 6.2%. Therefore, it's undoubtedly one of the top dividend stocks to buy now.

## A high-yield stock made for dividend investors

Lastly, **Pizza Pizza Royalty** ([TSX:PZA](#)) is one of the top dividend stocks to buy because it offers an attractive yield, is made specifically for dividend investors, and is one of the easiest stocks to understand.

Pizza Pizza's business is incredibly straightforward. It collects royalties off all the sales from restaurants in its royalty pool. Therefore, the more traffic in its restaurants and the more sales they do, the more revenue it earns. And besides the taxes it pays, almost all that revenue flows directly to the bottom line.

Plus, because the stock is made for dividend investors, it typically looks to keep its payout ratio just below 100%.

This makes it easy for investors to spot trends in its sales and earnings, to see whether the dividend could be at risk, or on the flipside, if a dividend increase is coming.

Pizza Pizza's incredibly resilient, though, and was one of the top-performing restaurant stocks through the pandemic. Consumers are drawn to its strong brand and low-cost fast food option.

So if you're looking for top dividend stocks to buy now, Pizza Pizza offers a yield of roughly 6.2%.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:EMA (Emera Incorporated)
3. TSX:ENB (Enbridge Inc.)
4. TSX:PZA (Pizza Pizza Royalty Corp.)

## PARTNER-FEEDS

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

## PP NOTIFY USER

1. cleona
2. danieldacosta

## Category

1. Dividend Stocks
2. Investing

## Date

2025/06/28

## Date Created

2022/09/12

## Author

danieldacosta

default watermark

default watermark