



Deadline Coming: 3 TFSA Stocks to Buy Now Before Dividend Payouts

Description

Canadian [dividend](#) investors who wish to boost their passive income yields in Tax-Free Savings Accounts ([TFSA](#)s) for 2023 may wish to check out critical dividend deadlines coming in February. Some of the TSX's most proven high-yield dividend-paying giants will pay their first quarter 2023 dividends in March, to investors who appear on their records on given dates in February.

TSX dividend stocks **Enbridge Inc.** ([TSX:ENB](#)), **Fortis Inc.** ([TSX:FTS](#)), and **TransAlta Renewables** ([TSX:RNW](#)) have fast-approaching dividend deadlines to observe in February. Here's why you may want to load up on shares in a TFSA before the key dates approach, and book tax-free dividend income for the long term.

Enbridge

Enbridge is a \$109.9 billion North American oil and gas pipeline behemoth that is expanding into a promising renewable energy industry. Additionally, it is investing in a burgeoning Canadian natural gas export market. Investors come to Enbridge for its ever-growing, reliable, and high-yielding regular quarterly dividends. ENB stock's current dividend yields a juicy 6.5% annually and has been raised each year for 28 consecutive years.

To receive all of Enbridge's dividends in 2023, investors should buy ENB stock before February 14. The company will pay its first quarter 2023 dividend of \$0.8875 per share to shareholders of record on February 15. Enbridge will pay its first quarter dividend on March 1, 2023. Investors who buy Enbridge stock before February 14 and hold for the remainder of 2023 could potentially book a 6.5% return in the form of dividends. Any increase in ENB stock could be a bonus.

If you had invested \$10,000 of your TFSA contributions in Enbridge stock 10 years ago, and religiously reinvested all the quarterly dividends received, your investment could have doubled to about \$20,170 today. Most of the gains would have been from dividends. Otherwise, the position would have grown to \$12,230 due to capital gains alone.

Fortis

Fortis is a regulated electric utility that pays one of the most reliable and religiously growing quarterly dividends on the TSX. It has raised dividends for 49 consecutive years. Given the success of its ongoing \$22.3 billion capital investment program, the company has committed to 4%-6% annual dividend increases every year through 2027.

To receive all of Fortis's dividends for 2023, investors should buy FTS stock before February 14. The first quarterly dividend of \$0.565 per share will be paid on March 1, 2023 to shareholders of record on February 15.

Fortis's current dividend should yield 4.1% annually. The company raised the dividend at an average annual rate of 5.6% over the past five years. The most recent increase of 6% was announced in September 2022.

The company will most likely follow through with planned dividend increases for 2023 and beyond. Its investment program is largely funded from internally generated cash flows, which carry minimum risk. The business maintains an investment-grade credit rating. Noteworthy, its financial condition remains intact even as interest rates rise.

If you had invested \$10,000 of your TFSA contributions in Fortis stock 10 years ago, your investment could have grown to more than \$22,900 today – with dividend reinvestment. Most of the gains could have been from dividends. Otherwise, stock price appreciation alone could have increased your capital to about \$15,800 – which is still a good return.

TransAlta Renewables

TransAlta Renewables is a green-energy-focused power utility serving customers in Canada, the United States, and Australia that remains highly committed to paying monthly recurring dividends to its shareholders – even as its business goes through turbulent times and the stock price tanks.

The company pays dividends every month. The current \$0.078 per share monthly payout yields 7.7% annually. The dividend has remained flat since the last raise in September 2017.

I regard TransAlta Renewables as a speculative play. Investors bullish on TransAlta's ability to fend off growing competition and sustain its annual dividend at current rates should buy shares before February 14 if they wish to receive the February 2023 dividend. The company will pay the February dividend on February 28 to shareholders of record on February 15.

Take note that the risk of a dividend cut at TransAlta Renewables has increased with rising borrowing costs and upcoming contract expirations. Management expects to pay out 100% of distributable cash flow in 2023 as dividends, leaving nothing available for capital investment!

CATEGORY

1. Dividend Stocks
2. Investing

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1. TSX:ENB (Enbridge Inc.)
2. TSX:FTS (Fortis Inc.)
3. TSX:RNW (TransAlta Renewables)

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Author

brianparadza

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