3 Top Dividend Stocks for Passive-Income Investors

Description

Retirees and other income investors are searching for top-quality dividend stocks to add to their TFSA portfolios.

Inside the TFSA, investors get to keep all of the interest, dividends, and capital gains. This is a big deal for income investors who want to give themselves a bit of extra cash without worrying about being bumped into a higher tax bracket.

Let's take a look at three reliable stocks that might be interesting picks for your passive-income buy list today.

Fortis (TSX:FTS)(NYSE:FTS)

Fortis is one of those stocks investors can simply buy and sit on for decades. The company has amassed a $50 billion portfolio of regulated assets that generate consistent cash flow and provide opportunities for growth. In fact, Fortis is currently working through a five-year capital program that will boost the rate base from $26 billion to above $35 billion through 2023. The resulting cash flow increase is expected to support annual average dividend growth of 6% over that time frame.

Fortis has bumped up the distribution for 45 straight years. The current payout provides a yield of 3.6%.

BCE (TSX:BCE)(NYSE:BCE)

BCE holds a dominant position in the Canadian communications industry, and that isn't likely to change.

The company is fortifying its business through the rollout of an ambitious fibre-to-the-premisesinitiative. Size is important in this industry, and BCE has access to the billions of dollars in capitalneeded to continuously upgrade its network to keep up with rising broadband demand. At the sametime, BCE generates sufficient free cash flow to support the attractive dividend.

Investors who buy the stock today can pick up a yield of 5.2%.

Toronto Dominion Bank (TSX:TD)(NYSE:TD)

TD is a profit machine. The company generated $12 billion in adjusted net income in fiscal 2018 and investors should see steady earnings growth continue at a 7-10% rate.

The bank is widely viewed as being the safest pick among the big Canadian banks. This is primarily due to its focus on retail banking activities in Canada and the United States. The American division actually has more branches in its network, serving personal and commercial clients from Maine all the way down the east coast to Florida.

TD has raised the dividend by a compound annual rate of better than 10% over the past two decades. The existing payout provides a yield of 4%.

The bottom line

Canadian investors can take advantage of their TFSAs to hold reliable dividend stocks without worrying about tax hits on the income or gains. Adding Fortis, BCE, and TD should be a good start to building a passive-income portfolio today.

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2. NYSE:FTS (Fortis Inc.)
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