Income Investors: 2 Reliable Dividend Stocks to Help Retirees Pay the Bills

## Description

According to the government, the inflation rate is about 2%. This is the average increase in the cost of a basket of goods and services identified as the Consumer Price Index (CPI). Retirees, in particular, have reason to be concerned, as CPP and OAS increases are based on the CPI statistics and the hikes may not be adequate to keep pace with higher rent, food, and utility prices experienced in certain regions.



In addition, property taxes have jumped more than 2% in some cities, and getting insurance to cover a trip someplace warm each winter is not getting cheaper.

As a result, people are searching for ways to squeeze extra income out of their savings. One popular approach is to own dividend stocks inside a Tax-Free Savings Account (TFSA).

The TFSA protects any earnings against income taxes and the CRA doesn't count income created in the TFSA when calculating a person's potential OAS clawback.

Let's take a look at two top Canadian dividend stocks that might be interesting picks for an income-focused TFSA portfolio.

# TC Energy

TC Energy (TSX:TRP) is a leading energy infrastructure player in Canada, the United States, and Mexico. The company has oil pipelines and natural gas pipelines that move key energy resources from producers to their customers.

The company's Keystone XL development is one of the major pipeline projects in the industry that has run into significant delays, but progress is being made and it appears the asset will eventually be completed.

TC Energy also owns gas storage facilities and power generation assets.

The company is working through $30 billion in secured capital projects and more growth opportunities across the vast asset base should emerge in the coming years.

TC Energy is large enough to make strategic acquisitions, as well, and further consolidation in the energy infrastructure sector is expected.

Management is targeting dividend growth of 8-10% per year over the medium term, supported by additional cash flow coming from the robust capital program. The current payout provides a 4% yield.

**BCE**

**BCE** (TSX:BCE) (NYSE:BCE) just raised its dividend by 5% for 2020. The move isn't a surprise, as the telecom giant is known for its reliable payouts and steady annual dividend growth.

The company enjoys a wide moat and is making the required investments to ensure it protects its competitive advantage. BCE is spending billions of dollars to upgrade its wireless and wireline networks, including its fibre-to-the-premises initiative that brings fibre optic lines right to homes and businesses.

BCE is targeting modest revenue and earnings growth in 2020 with free cash flow expected to increase 3-7%, which should be adequate to cover another dividend boost in 2021.



BCE's media assets provide important content for distribution to the TV and internet subscribers. The mobile business is adding new customers at a steady pace, and growing broadband consumption should result higher revenues in the coming years.

The stock has enjoyed a nice rally in the past year, but investors can still pick up a dividend yield of 5.2%.

## The bottom line

Top dividend stocks held inside a TFSA can provide income investors with additional cash flow to help cover rising living costs.

TC Energy and BCE should continue to be solid buy-and-hold picks as part of a diversified portfolio.

**CATEGORY**

1. Dividend Stocks
2. Energy Stocks

**TICKERS GLOBAL**

1. NYSE:BCE (BCE Inc.)
2. TSX:BCE (BCE Inc.)
3. TSX:TRP (TC Energy Corporation)

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**Date**
2025/09/11
**Date Created**
2020/02/13
**Author**
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