



Passive Income Investors: 3 Top Stocks to Buy Now

Description

Retirees and other income investors are searching for top [dividend stocks](#) that can generate reliable and growing passive income for decades.

BCE

BCE ([TSX:BCE](#))([NYSE:BCE](#)) is one of those stocks income investors can simply buy for their portfolios and sit on for several years. Growth isn't going to shoot the lights out, but the generous dividend is easily covered by free cash flow and the distribution should steadily rise at a decent pace.

BCE continues to invest in its fibre-to-the premises and [5G](#) initiatives. These assets open new opportunities for revenue streams while helping to protect the wide competitive moat enjoyed by the communications giant.

BCE's media group took a hit in the past year as advertisers reduced expenditures and sports teams played in empty venues. The situation should be much better in 2022 and investors could start to warm up to the stock again when the media revenue recovers.

BCE trades near \$61 per share compared to \$65 before the 2020 market crash. The stock looks attractive at the current price and offers a 5.75% dividend yield.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) trades near \$49 per share and offers a 6.75% dividend yield. The stock had already enjoyed a nice bounce off the 2020 lows, but more upside should be on the way. Enbridge traded above \$56 before the pandemic.

The company's natural gas transmission and renewable energy assets performed well last year. This helped offset the rough ride for the oil pipelines that saw throughput drop as a result of the plunge in fuel demand.

With the U.S. and Canada making good progress on covid-19 vaccinations businesses are starting to call people back to the office and domestic air travel is taking off. This should drive up demand for gasoline and jet fuel. Enbridge moves oil from producers to refineries, so its oil pipeline business should see a strong rebound in the next 12 months.

Enbridge has a robust capital program in place. This should deliver distributable cash flow growth of 5-7% over the medium term. Dividend increases should be in the same range.

Pembina Pipeline

Pembina Pipeline ([TSX:PPL](#))([NYSE:PBA](#)) has a 65-year track record of growth driven by strategic acquisitions and organic projects. The trend is set to continue for some time and that's good news for investors. Pembina Pipeline is a one-stop shop for midstream energy services needed by oil, gas, and gas liquids producers.

Pembina Pipeline recently reached an agreement to buy Inter Pipeline for \$8.3 billion. Assuming the deal will close as planned, Pembina Pipeline intends to raise the dividend by about 5% due to the increase in cash flow.

Other investments on the drawing board include an LNG facility in British Columbia and a potential bid for the TransMountain pipeline. Pembina Pipeline has partnered with First Nations groups on these initiatives.

Pembina Pipeline also just announced plans to build a carbon dioxide [sequestration facility](#) aimed at helping energy clients meet their net-zero goals.

The stock pays a monthly distribution, making it attractive for income investors. At the time of writing the dividend provides an annualized yield of 6.3%.

The bottom line on passive income stocks

BCE, Enbridge, and Pembina Pipeline all pay attractive dividends that should continue to grow. A new investment split between the three stocks would generate an average yield of 6.25% for a passive income portfolio.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)

2. NYSE:ENB (Enbridge Inc.)
3. NYSE:PBA (Pembina Pipeline Corporation)
4. TSX:BCE (BCE Inc.)
5. TSX:ENB (Enbridge Inc.)
6. TSX:PPL (Pembina Pipeline Corporation)

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