Retirees: 2 Amazing High-Yield Stocks for Passive Income

Description

Canadian pensioners are searching for reliable dividend stocks that can generate steady passive income in their TFSA portfolios. The market has enjoyed a huge rally after the 2020 crash, but some top Canadian dividend stocks with high yields still look cheap.

Pembina Pipeline

Pembina Pipeline (TSX:PPL)(NYSE:PBA) provides midstream services to oil and gas producers primarily located in Canada. The company has grown steadily over the past 65 years, adding assets through strategic acquisitions and internal development projects.

Pembina Pipeline reported solid Q2 2021 results with adjusted EBITDA roughly in line with the same period last year. The company increased the bottom end of its adjusted EBITDA guidance for 2021, so things are going well for the second half of the year.

Pembina Pipeline's management team has been busy in 2021 getting the business positioned for future growth. The company terminated a takeover agreement for **Inter Pipeline** after a bidding battle for the competitor. Pembina Pipeline received a $350 million termination fee as a result of IPL deciding to accept an offer from a subsidiary of **Brookfield Asset Management**.

The second quarter of the year produced three new partnerships. Pembina Pipeline is teaming up with First Nations to develop a potential LNG facility in British Columbia. Another partnership will evaluate the possible purchase of the Trans Mountain Pipeline currently owned by the Canadian government.

In addition, Pembina Pipeline is working with **TC Energy** on an ESG project to build a carbon-sequestration facility that will help energy producers meet their net-zero emittance goals in the coming years.

The dividend should be safe and currently offers a yield of 6.5%. Pembina Pipeline pays the dividend monthly, which is attractive for retirees who want regular income to complement their CPP, OAS, and company pensions. The stock trades near $39 at the time of writing. That's below the $53 it fetched before the pandemic, so there is decent upside potential as the energy sector recovers.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is a giant in the North American energy infrastructure industry with a market capitalization of $100 billion and assets that are essential to the smooth operation of the Canadian and U.S. economies. The businesses moves 25% of the oil produced in the U.S. and Canada and transports 20% of the natural gas used in the United States.

Enbridge completed a major turnaround effort before the pandemic, monetizing nearly $8 billion in non-core assets and bringing four subsidiaries into the parent company. These moves shored up the balance sheet and streamlined the business structure, helping Enbridge get through the past 18 months in decent shape.

Oil throughput is rebounding on the oil pipelines as fuel demand recovers. Enbridge's natural gas and renewable energy assets held up well last year, helping offset the downturn on the oil pipeline business and enabling the board to raise the dividend for 2021.

Enbridge trades near $50 per share compared to $56 before the crash. Investors who buy the stock now can pick up a 6.7% dividend yield.

The bottom line

Pembina Pipeline and Enbridge look attractive right now for retirees seeking high-yield dividend income. The payouts should drift higher in the next few years, and the share prices appear reasonable today in an otherwise expensive market.

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