



Retirement 101: The Best Canadian Dividend Stocks for Passive Income

Description

Canadian pensioners and those saving for retirement are searching for the best Canadian [dividend stocks](#) to add to their self-directed portfolios.

Fortis

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) has raised its dividend in each of the past 47 years and intends to boost the payout by an average of 6% per year through at least 2025. This is great guidance in an uncertain economic situation where the extent of the post-pandemic growth is still unknown.

Fortis owns \$56 billion in utility assets spread out across Canada, the United States, and the Caribbean. Businesses include power generation, electric transmission, and natural gas distribution. Revenue from the subsidiaries is largely regulated, and the nature of these essential services means cash flow tends to be predictable and reliable. That's why the board is so comfortable giving long-term projections for dividend hikes.

Fortis is working on \$19.6 billion in capital projects that will significantly boost the rate base between 2020 and 2025. Additional developments are under consideration that could be added to the current plan or come into play beyond 2025.

Fortis also grows through acquisitions. It hasn't made a major purchase in the past five years, so it wouldn't be a surprise to see Fortis do another deal soon. The company can take advantage of low interest rates and the strong Canadian dollar to make another move in the United States. Fortis recently [announced](#) the hiring of a new senior vice president of capital markets and business development. The person joining the company has a background in investment banking and has provided Fortis with guidance through previous mergers and acquisitions.

The stock trades near \$58 per share at the time of writing and offers a 3.5% dividend yield.

Bank of Nova Scotia

Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#)) has underperformed most of its large Canadian banking peers this year, but the stock should catch up in 2022 and beyond, as the post-pandemic global recovery drives a rebound in the company's international operations.

Bank of Nova Scotia has large investments in Mexico, Peru, Colombia, and Chile. Political uncertainty is always an issue in these countries, and the pandemic hit them hard. However, Bank of Nova Scotia's operations in the four members of the Pacific Alliance trade bloc are profitable and have good potential for long-term growth.

Bank of Nova Scotia is sitting on a large cash hoard it built up last year to ensure it could cover potential loan losses. Extensive government aid and loan deferrals have helped businesses and homeowners avoid defaulting on their loans. Some pain is expected when assistance ends, but the bank is positioned well to absorb the hit.

Investors should see a generous increase to the dividend when the Canadian banks get the green light from the government to restart distribution hikes. In addition, Bank of Nova Scotia could use the cash pile to make strategic acquisitions. In fact, the CEO recently said they are evaluating wealth management opportunities in the United States.

The stock appears attractive at the current share price near \$78 and provides a solid 4.6% dividend yield. Bank of Nova Scotia has paid out reliable dividends for more than 100 years.

The bottom line on top dividend stocks

Fortis and Bank of Nova Scotia are two of the best dividend stocks in the **TSX Index**. If you have some cash to put to work in diversified portfolio focused on passive income, these stocks deserve to be on your radar.

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1. Dividend Stocks
2. Investing

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2. NYSE:FTS (Fortis Inc.)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:FTS (Fortis Inc.)

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