



## Retirees: 2 Top TSX Dividend Stocks to Buy Now for a 6% Yield

### Description

Canadian pensioners need to get the best yield possible out of their savings without taking on too much risk. [GIC](#) rates don't even cover inflation these days, so many retirees are buying top dividend stocks to increase returns.

### Best dividend stocks for retirees

The best stocks to own tend to be industry leaders that have histories of providing investors with growing dividends supported by higher revenue and profits. These companies can certainly see their share prices drop, but the stocks normally recover, and investors can use the dips to add new shares to the portfolio.

Let's take a look at two top TSX dividend stocks that should be solid buys for a self-directed income fund today.

### BCE

**BCE** ([TSX:BCE](#))([NYSE:BCE](#)) has a long tradition of being a top pick among pensioners. The company looks a lot different now than it did in the old days when wireline phone services provided the majority of the income and profits. Today, BCE is as much a technology and media company as it is a standard communications provider.

Management has done a good job in the past decade of keeping up with the changing times and technological advancements. BCE offers mobile packages ranging from high-cost postpaid corporate services to cheaper pre-paid plans. The company continues to invest in fibre-optic network upgrades to protect its competitive moat in the wireline internet market and recently spent \$2 billion on new spectrum to support the expansion of its [5G network](#).

The Canadian government appears to have shifted focus away from BCE and its peers. High mobile rates didn't even come up in the election campaign. Resilience of the Canadian internet and

communications infrastructure through the pandemic might have helped deflect pressures to force lower fees.

In May of 2021, the CRTC cancelled plans to cut wholesale internet rates. That gives BCE a better picture of its future revenue stream and is bonus for investors.

BCE trades near \$65 per share at the time of writing compared to the 2021 high of \$67. Investors who buy the stock today can pick up a solid 5.4% yield. The company generates strong free cash flow to support the payout and steady dividend hikes should continue in the coming years.

## Enbridge

**Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) trades near \$50 per share right now compared to \$56 before the pandemic. Investors who buy the stock at the current price can pick up a solid 6.6% dividend yield.

Last year, the company took a hit on its oil pipeline operations, as the drop in fuel demand resulted in lower throughput running from producers to refineries and other customers. Now that travel restrictions are easing and companies are planning to bring workers back to the office, demand for fuel is set to soar. Airlines are ramping up capacity, and commuters are getting their vehicles ready to hit the highways again in the coming months.

All this bodes well for Enbridge's oil pipeline operations. Meanwhile, the natural gas transmission, storage, and utility businesses, along with the renewable energy facilities performed well last year and helped Enbridge meet its distributable cash flow (DCF) goals. As a result, the board felt comfortable raising the dividend late last year for the 2021 payouts. This put to bed any concerns that Enbridge might be forced to trim the distribution.

Ongoing dividend increases should be in line with anticipated DCF gains of 5-7%. Enbridge expects to put \$10 billion in new assets into service in 2021 and has the financial clout to make strategic acquisitions to boost growth. In fact, Enbridge recently announced a US\$3 billion purchase in the United States.

## The bottom line

BCE and Enbridge are industry leaders with great track records of dividend growth. The stocks appear attractive right now and offer above-average dividend yields for income investors. A new investment split between the two stocks would provide an average yield of 6% today.

### CATEGORY

1. Dividend Stocks
2. Investing

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