



Income Alert: 2 Top Dividend Stocks for Retirees to Buy Now

Description

Retirees and other investors seeking passive income are searching for top TSX stocks that pay attractive and growing dividends.

Algonquin Power

Algonquin Power ([TSX:AQN](#))([NYSE:AQN](#)) trades near \$19.25 per share at the time of writing compared to the 2021 high around \$22.50. The pullback gives income investors a great opportunity to buy the stock at a cheap price and pick up a solid 4.5% dividend yield.

Algonquin Power owns water and electric utilities as well as renewable power assets that include hydroelectric, solar, and wind facilities. The company has a good track record of growing the business through strategic acquisitions and internal projects, and that trend should continue.

Investors received a 10% dividend increase in 2021. Additional double-digit gains could be on the way in 2022 and beyond, supported by the capital program and any future acquisitions. The stock should be a solid pick for income investors who want to get some [ESG](#) exposure in their portfolios.

BCE

BCE ([TSX:BCE](#))([NYSE:BCE](#)) trades near \$64.50 per share compared to the 2021 high around \$67. Investors who buy the stock at the current level can pick up a solid 5.4% dividend yield.

BCE continues to invest billions of dollars in network infrastructure to ensure it protects its competitive moat and provides clients with the broadband capacity they need at home and in the office. The company recently spent \$2 billion on new spectrum that will be the base of the company's expanding [5G network](#). The next phase of the mobile technology evolution opens up new opportunities for revenue growth.

BCE is also running more fibre optic lines to homes and businesses. Its fibre-to-the-premises initiative

will likely get an extra boost after the CRTC ruled in May this year that it will not go ahead with planned cuts to wholesale internet rates. BCE increased its capital program by \$500 million after the CRTC decision, based on the clearer revenue outlook for those services.

BCE generates enough free cash flow to support the generous dividend. The payout should increase at a slow-but-steady pace. This is a great stock to stick in a passive-income portfolio.

TD

TD ([TSX:TD](#))([NYSE:TD](#)) trades near \$84 per share. It was as high as \$89 at one point earlier this year and has picked up a bit of a tailwind in recent days. A quick look at TD's stock chart suggests buying on dips tends to produce solid long-term returns.

TD is one of the top dividend-growth stocks on the TSX index over the past two decades. The bank remains very profitable in these challenging times and should see strong growth in the coming years as the Canadian and U.S. economies recover from the pandemic.

TD and its peers had to put dividend increases on hold last year due to a government directive. With the economy starting to bounce back, the banks will likely get the green light to start raising payouts again in early 2022. TD investors could see a big dividend increase, given the amount of excess cash the company is currently holding. TD finished fiscal Q3 2021 with a CET1 ratio of more than 14%. That's much higher than the required 9%. The extra funds that were initially set aside for potential loan losses might also go toward an acquisition or share buybacks.

The dividend currently provides a 3.75% yield.

The bottom line on top dividend stocks

Algonquin Power, BCE, and TD are all top-quality dividend stocks to consider for a self-directed portfolio focused on passive income. The stocks appear attractive at current prices and pay great dividends that should continue to grow.

CATEGORY

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TICKERS GLOBAL

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2. NYSE:BCE (BCE Inc.)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
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