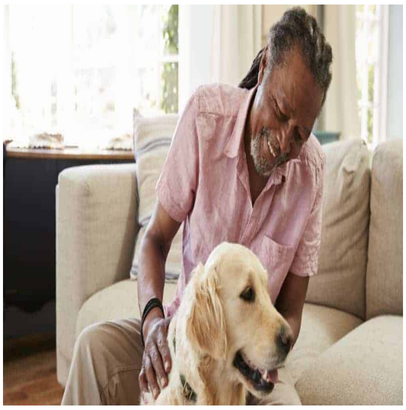

TFSA Passive Income: 2 Top TSX Dividend Stocks for Canadian Retirees

### Description

Canadian pensioners are searching for top TSX stocks to put in their TFSA portfolios targeting passive income. The overall **TSX Index** looks expensive these days, but retirees can still find good value in some top TSX dividend stocks.



## Great-West Lifeco

**Great-West Lifeco** (TSX:GWO) trades near $38.50 per share at the time of writing and offers a 4.5% dividend yield. The company's subsidiaries, like Canada Life, are household names in the Canadian insurance, benefits, and wealth management sectors.

Great-West Lifeco also owns businesses in the United States and Europe and has a stake in fintech disruptor Wealthsimple.

Growth primarily comes from strategic acquisitions. For example, Canada Life recently closed its purchase of ClaimSecure, a pharmacy benefits manager with claims-paying technology on a national scale. Other recent Great-West Life deals have targeted retirement services businesses in the United States. The division, known as Empower Retirement, is the second-largest retirement plan service provider in the United States.

Great-West Lifeco reported solid Q2 2021 results, and the next few years look good for the company.

Why?

Markets are starting to price in potential interest rate hikes in Canada and the United States beginning next year. The concern is that persistent inflation might force the central banks to raise rates sooner than previously expected.

Higher interest rates tend to be positive for insurance firms like Great West Lifeco, as the companies can earn higher returns on the cash they need to set aside to cover potential claims. When you are looking at billions of dollars, an extra couple of percentage points can have a big impact.

## TC Energy

**TC Energy** (TSX:TRP)(NYSE:TRP) is a leader in the North American energy infrastructure industry with more than $100 billion in assets located across Canada, the United States, and Mexico. The company spent a lot of time in the headlines earlier this year when the U.S. president cancelled a permit for TC Energy's Keystone XL oil pipeline. The battle to get the project built had dragged on for years, and investors didn't appear too concerned when TC Energy finally decided to walk away.

TC Energy has $21 billion in other capital projects on the go through 2025. As the new assets are completed and put into service, TC Energy expects revenue and cash flow to increase enough to support annual dividend hikes of 5-7%. That's good guidance in the current economic environment. TC Energy has raised the payout every year for two decades, so income investors should feel comfortable with the outlook.

The natural gas industry has a strong future, and TC Energy's more than 90,000 km of natural gas pipelines and significant storage facilities put it in a good spot to benefit from rising demand for the fuel. Natural gas emits much less carbon dioxide than oil or coal when burned, making it a top fuel choice for power production as the world transitions to renewable energy.



The stock appears cheap at the current price near $61.50 per share. Investors who buy at this level can pick up a 5.6% yield and simply wait for the dividend growth that is on the way in the next few years.

## The bottom line on TFSA income

Retirees and other income investors can use the TFSA to generate tax-free earnings on investments. If you are searching for top TSX dividend stocks to add to a passive-income portfolio today, Great-West Lifeco and TC Energy deserve to be on your radar.

**CATEGORY**

1. Dividend Stocks
2. Investing

**TICKERS GLOBAL**

1. NYSE:TRP (Tc Energy)
2. TSX:GWO (Great-West Lifeco Inc.)
3. TSX:TRP (TC Energy Corporation)

**PARTNER-FEEDS**

1. Business Insider

2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

**PP NOTIFY USER**

1. aswalker
2. kduncombe

**Category**

1. Dividend Stocks
2. Investing

**Date**
2025/08/29
**Date Created**
2021/09/30
**Author**
aswalker