
2 Top TSX Dividend Stocks to Buy Now for Reliable Passive Income

### Description

The TSX Index is full of top dividend stocks retirees can put in their TFSA to generate steady passive income.



## Emera

**Emera** (TSX:EMA) is a utility company based in Halifax with $31 billion in assets located in Canada, the United States, and the Caribbean.

Operations include power-generation facilities as well as electric and natural gas utilities that serve 2.5 million customers. These companies provide essential services that homes and commercial buildings need regardless of what is going on in international financial markets or even the broader domestic economy. Revenue is primarily regulated in these businesses, so cash flow tends to be predictable and reliable.

Emera grows through acquisitions and internal projects. The company is working through a $7.4 billion capital program with an additional $1.2 billion in projects under consideration that could get added to the portfolio. The resulting rate base increase is expected to support average annual dividend growth of 4-5% over the medium term.

The board recently raised the payout by nearly 4% to an annualized distribution of $2.65 per share. The stock trades near $59 per share at the time of writing and offers a 4.5% dividend yield.

This is a good stock to buy and forget for years inside a portfolio focused on passive income.

## Bank of Nova Scotia

**Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS) is somewhat unique among the large Canadian banks due to its heavy international focus on Latin America. The bank has invested billions of dollars over the past decade to build a major presence in Mexico, Peru, Chile, and Colombia. These four countries form the core of the Pacific Alliance trade bloc that was set up to enable the free movement of capital, goods, and labour.

The pandemic hit Latin America hard, and Bank of Nova Scotia's stock price has lagged the performance of most of its peers this year. A recent uptick might suggest the market sees better times ahead for 2022. Bank of Nova Scotia remains very profitable and is sitting on excess cash it built up to cover potential loan losses due to pandemic lockdowns.

Government aid programs helped avoid the worst-case scenario, and investors could see Bank of Nova Scotia use the extra funds to raise the dividend, buy back shares, and make strategic acquisitions in the next couple of years. The bank recently indicated it is considering deals in the United States.

Bank of Nova Scotia trades at a reasonable 11.5 times trailing earnings. Investors who buy the stock near the current price of $81.50 can pick up a solid 4.4% dividend yield.

Interest rates are expected to start moving higher in Canada late next year or in 2023. Higher rates can put pressure on some highly leveraged businesses and homeowners, but the overall impact for Bank of Nova Scotia should be positive. When interest rates increase, Banks tend to benefit from higher net interest margins and better returns on cash they have to set aside to cover deposits.



## The bottom line on top stocks for passive income

Emera and Bank of Nova Scotia are top TSX dividend stocks that pay attractive distributions with above-average yields. If you are searching for reliable dividend stocks to put in your TFSA income fund, these companies deserve to be on your radar.

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