



Retiree Alert: 2 Cheap Dividend Stocks to Buy Now for TFSA Passive Income

Description

Canadian pensioners are searching for top TSX dividend stocks to put in their TFSA portfolios to generate steady tax-free income.

The overall market is arguably expensive, but retirees can still find good dividend stocks to buy today.

Pembina Pipeline

Pembina ([TSX:PPL](#))([NYSE:PBA](#)) has grown steadily over the past 65 years through a combination of strategic acquisitions and organic developments. With a current [market capitalization](#) of \$23 billion, the company has the financial clout to do large deals.

Management moved quickly early in the pandemic to shore up the balance sheet. This helped Pembina Pipeline get through 2020 in decent shape and enabled the board to maintain the dividend. Now that the energy sector is enjoying the benefits of surging oil, natural gas, and gas liquids prices, Pembina Pipeline is in a good position to deliver strong returns.

The company has a variety of businesses that should do well in the next few years. Pembina Pipeline has gas gathering and processing assets, a propane export facility, oil and gas pipelines, and logistics operations. The capital programs that went on hold last year are coming back online and Pembina Pipeline is making strategic alliances to position itself for future opportunities.

The company has partnered with First Nations communities to explore the potential development of a liquified natural gas export facility in British Columbia and to consider a bid to purchase the Trans Mountain pipeline owned by the Canadian government. In addition, Pembina Pipeline is joining up with another major energy infrastructure player to develop a carbon-sequestration facility to help energy companies meet their [ESG](#) targets.

With no shortage of projects on the go or under consideration, Pembina Pipeline should deliver decent ongoing revenue and cash flow growth.

The stock trades near \$42 per share at the time of writing. That's well below the \$53 it fetched before the pandemic. Investors who buy now can pick up a solid 6% dividend yield.

Telus

Telus ([TSX:T](#))([NYSE:TU](#)) is an interesting beast among the Canadian communications companies. Management avoided the temptation to invest billions of dollars in media assets and sports teams. Instead, Telus has looked to the future to see how its advanced communications networks can enable digital disruption in certain industries.

Telus Health, for example, is a leader in Canada for providing hospitals, doctors, and insurance companies with digital solutions to enable the safe and efficient processing of billing for services provided to patients. Telus is also helping healthcare professionals connect with patients online.

The pandemic has driven strong revenue growth at Telus Health, and the momentum is set to continue in the coming years, as people become more comfortable with online healthcare.

Another division that is seeing strong growth is Telus Agriculture. The business is giving farmers the digital tools they need to make their businesses more efficient. The group also has solutions to track food from the production source right to the retailer.

Telus is still primarily a provider of mobile, TV, and internet services, and these business lines continue to generate strong revenue and cash flow. Telus expects to raise the dividend by 8-10% per year over the medium term.

The stock trades near \$28 per share compared to the 2021 high around \$30. Investors who buy now can pick up a 4.5% dividend yield.

The bottom line

Pembina Pipeline and Telus are solid companies that should deliver reliable dividends for years. The stocks appear cheap right now and offer above-average dividend yields. If you have some cash to put to work in a TFSA income portfolio, these stocks deserve to be on your radar today.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. NYSE:TU (TELUS)
3. TSX:PPL (Pembina Pipeline Corporation)
4. TSX:T (TELUS)

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