



Passive Income: 2 Top Dividend Stars to Own in a TFSA

Description

Retirees and other income investors are searching for top TSX dividend stocks to put in their [TFSA](#) portfolios.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) raised its dividend late last year, despite a rough ride in the oil pipeline operations that saw throughput drop due to a plunge in demand for crude oil by refineries. The company's natural gas transmission, gas storage, and gas distribution businesses helped offset the oil pipeline woes and enabled Enbridge to meet its distributable cash flow (DCF) goals. Boosting the payout heading into 2021 helped put to bed any fears that Enbridge might have to trim the distribution.

A year later, the company is firing on all cylinders across its business lines. A rebound in oil demand is driving strong throughput on Enbridge's oil pipelines. The company recently completed its Line 3 Replacement Project and is now able to operate the route at full capacity. This will give revenue a nice boost in Q4 2021 and through 2022.

On the acquisition front, Enbridge just spent US\$3 billion to buy a strategic oil export terminal in Texas. This should also add to the revenue stream and is part of Enbridge's plan to focus more on exporting North American oil to overseas buyers.

Enbridge moves 25% of the oil produced in Canada and the U.S. and transports about 20% of the natural gas used in the United States. The company plays an integral role in the smooth operation of the two economies, and its pipelines are even more valuable now than in the past due to the challenges companies face trying to get new large projects approved and built.

Enbridge will report Q3 2021 results on November 5. The numbers should indicate a continued recovery in oil and gas demand, and investors could see a dividend increase announced for 2022 in the range of 5-7%. The stock caught a nice tailwind in recent weeks but still trades at a reasonable price. Investors who buy now can pick up a 6.4% dividend yield.

BCE

BCE ([TSX:BCE](#))([NYSE:BCE](#)) has been an anchor holding of income investors for decades. The company is known for its stable and reliable dividend and should continue to deliver steady payout increases in line with growth in free cash flow.

BCE is investing heavily in new technology to keep up with the changing communications environment. This includes running fibre optic lines directly to homes and businesses. BCE also recently spent \$2 billion on new spectrum to expand its [5G](#) network.

New technology requires heavy capital outlays, but BCE has the scale and financial clout to make the necessary investments while still having enough cash to give investors a generous dividend. Additional revenue opportunities come with the added broadband capabilities, as we have seen with the evolution of streaming services in recent years.

BCE's stock price is off the 2021 highs, giving investors a chance to buy the shares on a dip. At the current price of \$63.50, investors can pick up a 5.5% dividend yield.

The bottom line on top stocks for passive income

Enbridge and BCE are leaders in their industries and should continue to pay investors reliable and growing dividends that offer above-average yields. If you are searching for top stocks for TFSA passive income, these companies deserve to be on your radar today.

CATEGORY

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3. TSX:BCE (BCE Inc.)
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