TFSA Investors: 2 Top TSX Stocks to Buy Now for Passive Income

Description

TFSA investors are searching for top TSX dividend stocks that pay reliable distributions with attractive yields.

BCE

BCE (TSX:BCE)(NYSE:BCE) spent $2 billion at a spectrum auction this year to expand its leading 5G network. The capital outlays are significant, but 5G opens up new revenue opportunities for BCE and helps the company defend its competitive position in the Canadian communications industry.

BCE is also progressing its fibre-to-the-premises program that runs fibre optic connections right to the home or business. This ensures customers have access to the broadband they need and enables BCE to offer additional services at higher rates.

The company's media group took a hit last year, as sports teams played in empty arenas and businesses reduced advertising spending on radio and TV. The situation has improved in recent months, and investors should see decent results from the media operations in the Q3 2021 earnings release scheduled for November 4.

BCE has a log track record of paying investors generous dividends that grow at a steady pace. This should continue in the coming years.

The stock trades below $64 per share at the time of writing compared to the 2021 high of $67. TFSA investors who buy BCE at the current level can pick up a 5.5% dividend yield.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) plans to raise the dividend by an average annual rate of 6% through 2025. The company has increased the payout in each of the past 48 years, so investors should be comfortable with the guidance.

Fortis owns natural gas distribution, power generation, and electric transmission businesses in Canada, the United States, and the Caribbean. The $20 billion capital program through 2026 includes $3.8 billion invested in cleaner energy infrastructure.

The rate base is expected to increase from $31.2 billion in 2021 to $41.6 billion in 2026. This 6% compound annual growth rate will support the dividend increases.

Fortis also makes acquisitions when attractive opportunities arise. The last deal was worth US$11.3 billion and occurred in 2016, so investors could see another accretive purchase in the next few years. If that happens, the dividend increases might be larger than planned.

The stock trades close to $55 per share at the time of writing and offers a 3.9% dividend yield. Fortis was as high as $59 earlier this year, so investors now have a chance to buy the shares on a pullback.

Fortis is a good defensive pick for TFSA investors who don't want to worry about the gyrations of the market caused by international events. People and businesses need to keep the lights on and heat their buildings regardless of what is happening in the financial markets.

The stock isn't immune to corrections, but it tends to hold up well compared to sectors that tend to be more volatile.

The bottom line on TFSA income investing

BCE and Fortis are top dividend stocks that have long track records of providing attractive passive income. If you have some cash to invest in a TFSA focused on dividends, these stocks deserve to be on your radar.

CATEGORY

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3. TSX:BCE (BCE Inc.)
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Date
2025/07/26
Date Created
2021/11/03
Author
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