



2 Top Dividend Stocks to Start a TFSA Income Fund

Description

Retirees and other investors focused on generating a steady stream of tax-free income are searching for top TSX dividend stocks to build their self-directed TFSA portfolios.

Let's take a look at two dividend stars that deserve to be on your buy list.

TC Energy

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)) operates more than 90,000 km of natural gas pipelines as part of its \$100 billion asset portfolio that spans Canada, the United States, and the Caribbean.

The company is working on \$21 billion worth of capital projects across its pipeline and power generation divisions, including Coastal GasLink, a key project that will connect important natural gas plays in British Columbia to the B.C. coast.

Coastal GasLink will bring natural gas 670 km from the Dawson Creek region to a liquified natural gas (LNG) facility that converts the natural gas to a liquid to be exported by ship to international buyers. Shortages of natural gas around the globe in 2021 will likely spur governments to invest in more storage capacity in the coming years to avoid future issues. Natural gas is used to produce electricity as well as heat homes and cook food. As the planet transitions to renewable energy sources, such as solar and wind, natural gas is expected to be the fuel of choice to replace oil and coal along the way.

TC Energy has raised the dividend every year since 2000 and intends to boost the payout by 5-7% annually over the medium term.

Investors who buy the stock at the current price of \$66.75 per share can pick up a 5.2% dividend yield.

BCE

BCE ([TSX:BCE](#))([NYSE:BCE](#)) just reported solid results for Q3 2021. Adjusted EBITDA increased 4.2%

to \$2.558 billion in the quarter compared to the same period last year. Net earnings increased 9.9% and adjusted earnings per share rose 3.8%.

BCE continues to add new clients at a steady pace and is keeping more of its mobile subscribers from switching to competitors. BCE's post-paid mobile churn rate was 0.93%, representing a record Q3 low for the company.

Media revenue jumped 14.5% in the quarter compared to Q3 2020, supported by higher advertiser spending across the digital, radio, and TV platforms. Digital revenue actually rose 32% and now accounts for 22% of total media revenue.

BCE continues to maintain a strong balance sheet and confirmed its previous guidance for 2021 results.

Looking ahead, BCE's investments in [5G](#) and fibre optic networks will enable new revenue streams and provide the company with the ability to drive higher average bills from subscribers who upgrade their services.

Investors should also see a rebound in roaming fees in 2022, as people begin to start traveling again for business and vacations outside the country.

BCE pays an attractive dividend that should increase in 2022. Investors who buy the stock at the current price near \$64 can pick up a 5.45% dividend yield.

The bottom line on top dividend stocks

TC Energy and BCE are leaders in their respective industries. The stocks appear attractive at current prices and offer dividends that provide above-average yields. If you have some cash to invest in a self-directed TFSA, these stocks should be solid picks for passive income.

CATEGORY

1. Investing

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2. NYSE:TRP (Tc Energy)
3. TSX:BCE (BCE Inc.)
4. TSX:TRP (TC Energy Corporation)

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