



2 Top TSX Dividend Stocks to Buy Now for Passive Income in 2022

Description

Retirees and other [dividend investors](#) are searching for the best stocks to buy for passive income. Let's take a look at two top **TSX** stocks that just announced large dividend increases.

Sun Life Financial

Sun Life ([TSX:SLF](#))([NYSE:SLF](#)) reported solid Q3 2021 earnings and subsequently announced a 20% dividend increase. The new quarterly payout of \$0.66 per share provides an annualized yield of 3.7% at the current share price.

Reported net income in Q3 came in at \$1.02 billion compared to \$750 million in the same period last year. Underlying net income increased 7%, as did earnings per share.

Insurance sales and wealth sales both slipped in the quarter versus Q3 2020, but the value of new business climbed 11% and assets under management were 16% higher.

Notably, the company increased its return on equity (ROE) guidance for the medium term from a maximum of 14% to a minimum of 16%. The strong performance of the company's businesses and the shift to more fee-based earnings that require lower capital are responsible for the upgrade.

The reported ROE in Q3 was 17.6%, while the underlying ROE was 15.6%.

Sun Life has invested heavily in building a strong presence in Asia. The region has a large population that is seeing wealth expand. While the pandemic hit several of the core countries hard, the long-term outlook for the Asia division should be positive as the middle class grows and demand increases for insurance and wealth management products.

Suncor

Suncor ([TSX:SU](#))([NYSE:SU](#)) reported strong results for Q3 2021, despite operational challenges at

two of its oil sands facilities.

The surge in the price of oil and rising fuel demand have turned things around for Suncor in the past year. West Texas Intermediate (WTI) oil traded at US\$36 per barrel last fall. Today it is above US\$80 and analysts expect the upward momentum to continue in 2022.

The elimination of international travel restrictions means airlines will aggressively ramp up capacity in the coming months. At the same time, employees are expected to hit the highways again for their commute back to the office. The roads could actually become busier than before the pandemic. People might not feel comfortable being jammed in buses and subway cars with dozens of strangers for some time. This could result in much higher gasoline demand as commuters opt to drive to work.

Suncor's production, refining and retail businesses all bounced back in Q3 and should deliver strong results in 2022 and beyond.

The board just raised the dividend by 100% to bring the payout to the 2019 level. The new distribution provides an annualized yield of 5% at the current share price near \$33.

Suncor's stock appears undervalued right now and more gains in the distribution should be on the way.

The bottom line on top income stocks

Sun Life and Suncor are leading players in their respective industries and pay attractive dividends that should continue to grow. If you have some cash to put to work in a Tax-Free Savings Account (TFSA) focused on passive income, these stocks deserve to be on your radar.

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