Retirees: 2 Reliable Dividend-Growth Stocks to Buy in November for Passive Income

Description

Canadian retirees are searching for quality dividend stocks to generate passive income in their TFSA portfolios.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) recently raised its dividend by nearly 6% and intends to boost the payout by an average of 6% per year through 2025. That's the kind of dividend-growth guidance retirees like to see when choosing top income stocks.

The board has increased the payout for 48 straight years, making Fortis one of the best dividend-growth stocks in the **TSX Index**.

Fortis is working on a $20 billion capital program through 2026 that will boost the rate base from about $31 billion in 2021 to $41.6 billion in 2026. In addition, Fortis is evaluating up to $6.2 billion of other projects across its portfolio of assets that could boost the development plan.

Fortis gets the majority of its revenue from regulated businesses. This means cash flow tends to be predictable and reliable.

Fortis says its capital plan will be primarily funded with cash from operations and debt at the regulated utilities. Equity funding will mainly come from the dividend-reinvestment plan.

Fortis looks cheap at the current share price of $56.50 and offers a 3.8% yield. The stock traded above $59 earlier this year, so investors have a chance to buy on a dip right now.

Telus

Telus (TSX:T)(NYSE:TU) reported strong Q3 2021 results and raised the dividend by 5.2%. This is the

21st dividend increase in the past 10 years. Since 2004, investors have received about $15 per share in distributions.

The company continues to add new customers at a steady pace, with total mobile and wireline customer growth setting a record of 320,000 in the quarter.

Telus is also doing a good job of keeping new customers loyal. The mobile post-paid churn rate is regularly the lowest in the industry.

Telus doesn’t own a media business, but the lack of sports teams and TV stations hasn’t had a negative impact on its ability to attract new mobile, internet, and TV subscribers.

Management has decided to invest in sectors where Telus can leverage its communications expertise to drive digital disruption. Telus Health is a Canadian leader in providing digital health solutions for doctors, insurance companies, and hospitals. The group delivered double-digit revenue growth in Q3 compared to the same period last year. Telus Agriculture helps farmers make their businesses more efficient. The division is also expected to generate revenue growth of more than 10% in 2021 with annual revenue targeted at $400 million this year.

Telus is investing heavily in its 5G network. The company has also made good progress on its program to replace copper lines with fibre optic lines. These initiatives will ensure Telus continues to offer customers world-class broadband services.

The capital expenditures are expected to peak in 2022, and that means more cash should be available for dividend increases in 2023 and beyond.

The stock trades at a reasonable price right now. Investors who buy Telus today can pick up a 4.5% dividend yield.

The bottom line on top stocks for passive income

Fortis and Telus are top-quality companies that provide essential services and should continue to boost their dividends for years. The stocks tend to hold up well when the market hits a rough patch and offer attractive dividend yields.

If you have some cash to put to work in a TFSA focused on passive income, these stocks deserve to be on your buy list.

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