



Retirees: 2 Top TSX Dividend Stocks to Buy for TFSA Passive Income

Description

Canadian retirees are searching for top **TSX** stocks to add to their Tax-Free Savings Account (TFSA) portfolios focused on generating reliable and growing passive income.

Emera

Emera ([TSX:EMA](#)) is a utility company based in Halifax with \$31 billion in assets located in six countries and serving 2.5 million customers. Businesses include electricity distribution and natural gas distribution.

The company just reported solid Q3 2021 results. Adjusted net income came in at \$175 million, or \$0.68 per share compared to \$166 million or \$0.67 per share in the same period last year.

For the first nine months of 2021, adjusted net income is up more than 16%, at \$555 million compared to the same time period in 2020.

Looking ahead, Emera has a \$7.4 billion capital program in place through the end of 2023. Management is evaluating additional opportunities worth \$1.2 billion.

The forecasted rate-base growth is 7-5% to 8.5% through 2023. In 2021 alone, the company is on track to invest \$2 billion, providing a rate base increase of 6% to \$22.5 billion.

As the new assets go into service, the board expects to increase the dividend by at least 4% per year through 2024.

Emera's stock trades near \$59 per share at the time of writing and provides a 4.5% dividend yield.

This is a good defensive stock to put in the portfolio. The revenue and cash flow are reliable and predictable and the company provides essential services.

Bank of Nova Scotia

Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#)) is Canada's third-largest bank with a [market capitalization](#) of \$101 billion.

The bank's international operations took a hit during the past two years as the pandemic heavily impacted the Pacific Alliance countries of Mexico, Peru, Chile, and Colombia. While near-term challenges remain, the long-term outlook for the Latin American business is positive. A global rebound in oil and copper prices will help these economies recover and middle-class wealth continues to expand. This bodes well for the Bank of Nova Scotia as demand should increase for loans and investment products.

Bank of Nova Scotia is sitting on excess capital it built up to weather the pandemic storm. Loan losses are much lower than initially feared, and the bank will likely give investors a big dividend increase when it reports fiscal Q4 2021 results.

Share buybacks and potential acquisitions in the United States could also be on the way in 2022 and the following years.

The stock is near its 2021 high but still trades at a reasonable 11.5 times trailing 12-month earnings. Investors who buy the Bank of Nova Scotia can now pick up a 4.35% dividend yield and simply wait for the next increase to the payout.

It wouldn't be a surprise to see the Bank of Nova Scotia raise the dividend by 20% for 2022.

The bottom line on top stocks for TFSA passive income

Emera and Bank of Nova Scotia are good companies that pay attractive dividends for TFSA income investors. If you have some cash to put to work in a portfolio focused on passive income these stocks deserve to be on your radar.

CATEGORY

1. Investing

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2. TSX:BNS (Bank Of Nova Scotia)
3. TSX:EMA (Emera Incorporated)

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