



3 Top Passive-Income Stocks for Pensioners

Description

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

Fortis

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) has all the attributes income investors look for in a stock. The company owns utility assets that produce power, transmit electricity, and distribute natural gas to businesses and homes. These are essential services that get used regardless of the state of the economy and provide rate-regulated revenue streams that are predictable and reliable.

Fortis grows through acquisitions and new developments. The current \$20 billion capital program is expected to increase the rate base by an average of 6% per year through 2026. As a result, the board intends to raise the dividend by a similar amount through at least 2025. That's good guidance for income investors who want to know how much their payouts will grow in the future.

Fortis has increased the distribution for 48 straight years. This makes it one of the top dividend-growth stocks on the **TSX Index**.

The stock trades at a reasonable 21 times trailing 12-month earnings and currently offers a 3.9% dividend yield.

Toronto-Dominion Bank

TD ([TSX:TD](#))([NYSE:TD](#)) is a giant in the Canadian communications industry with a [market capitalization](#) of \$169 billion.

The bank made it through 2020 and 2021 in better shape than many analysts expected when the pandemic initially forced lockdowns across Canada and the United States. A feared housing crash never occurred, and government assistance combined with payment deferrals helped homeowners

and businesses make their mortgage payments during the difficult times.

Now that the economy is back on track, the government has removed the ban on dividend increases and share buybacks it placed on the Canadian banks and insurance companies. TD has a great track record of dividend growth and is sitting on significant excess cash it built to cover potential loan losses that have not materialized. As a result, TD shareholders will likely see a large increase to the payout when TD announces fiscal Q4 2021 earnings results on December 2.

The stock appears cheap at 11 times trailing 12-month earnings. Investors can pick up a 3.4% yield now and wait for the dividends to increase in 2022 and the coming years.

BCE

BCE ([TSX:BCE](#))([NYSE:BCE](#)) is a leader in the Canadian communications industry with wireline and wireless networks providing internet, TV, and mobile services to millions of customers across the country. BCE is investing billions of dollars on new infrastructure to ensure its customers have the broadband they need for work or entertainment.

The company spent \$2 billion on 3500 MHz spectrum in 2021. This will be the foundation of BCE's [5G](#) expansion. On the wireline side, BCE continues to build out its fibre-to-the-premises program that directly connects homes and businesses with fibre optic lines.

BCE's media business took a hit last year, but the group is rebounding on the return of spending by advertisers across its TV, radio, and digital platforms. In addition, the sports teams that BCE partly owns are now playing in front of capacity crowds.

BCE's dividend is rock solid, and the payout should continue to grow in line with free cash flow. Investors who buy the stock at the time of writing can pick up an attractive 5.5% dividend yield.

The bottom line on top stocks for passive income

Fortis, TD, and BCE pay reliable dividends that should continue to grow for years. The companies have strong businesses that enjoy wide competitive moats. If you are searching for anchor picks for a TFSA focused on passive income, these stocks deserve to be on your radar.

CATEGORY

1. Investing

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2. NYSE:FTS (Fortis Inc.)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:BCE (BCE Inc.)
5. TSX:FTS (Fortis Inc.)
6. TSX:TD (The Toronto-Dominion Bank)

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