



Canadian Retirees: 2 Top Dividend Stocks for Solid Passive Income in Retirement

Description

The Old Age Security (OAS) program and Canada Pension Plan (CPP) programs are designed to provide you with a partial replacement for your income during retirement. You need to take care of the rest of your expenses using a [solid retirement plan](#) that can provide you with sufficient passive income.

Canadian retirees have a wealth of options when it comes to generating passive income to fund their retirement. [Dividend investing](#) in a Tax-Free Savings Account (TFSA) is an ideal way for you to create another revenue stream to fund your retired life without worrying about moving to a higher tax bracket.

Today, I will discuss two of the top dividend stocks trading on the TSX that you could consider adding to your TFSA portfolio to create another revenue stream that can help you enjoy more financial freedom during the best years of your life.

Suncor Energy

Suncor Energy ([TSX:SU](#))([NYSE:SU](#)) stock has had a tough time during the pandemic, like most of its peers, as the energy sector slumped due to diminished demand for crude oil amid restrictions on traveling. However, 2021 has been a completely different story for the oil and gas sector.

Easing restrictions and reopening economies have created a surge in demand for the energy sector's services, and crude oil prices have shot up higher due to the disparity between demand and supply.

Given where energy prices are right now, Suncor stock and its peers are ramping up production. Suncor has worked hard to improve its production capacity, and its efforts have started to pay off. The company reported \$1.04 billion in earnings in its previous quarter, a massive improvement from a \$338 million loss in the same quarter last year. The company's management has also announced plans to resume dividend hikes.

At writing, the stock is trading for \$32.46 per share, and it pays its shareholders a juicy 5.18% dividend yield.

TransAlta Renewables

Due to several factors, **TransAlta Renewables** ([TSX:RNW](#)) stock has taken massive hits in the last two quarters of fiscal 2021. The collapse of a wind turbine in New Brunswick in one of its facilities combined with weaker-than-expected production at some of its other wind-power facilities and unplanned outages at its gas-fired power plants hurt its numbers.

The company's share prices reflected its recent performance. The stock is trading for \$18.99 per share at writing, down by almost 16% year to date. However, the last few days of trading have seen its share prices begin a path to recovery. The stock is up by 3.66% since October 29, 2021. While this run of bad luck might worry some investors, TransAlta Renewables stock could be a solid long-term investment to consider.

The company continues to acquire more assets through development projects and acquisitions. It looks well positioned to capitalize on the boom in green energy over the coming years.

Foolish takeaway

Creating a portfolio of the right [income-generating assets](#) in your TFSA could help you unlock another income stream that allows you to use your savings to earn more money. It is crucial to choose high-quality stocks that offer shareholder dividends at attractive yields.

Suncor stock and TransAlta Renewables stock seem undervalued right now in a market that is otherwise in expensive territory. Investing in the shares of these two companies could help you generate decent returns through capital appreciation and earn a significant and tax-free passive income through shareholder dividends in your TFSA.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

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2. TSX:RNW (TransAlta Renewables)
3. TSX:SU (Suncor Energy Inc.)

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