Canadian Retirees: 2 Dividend Stocks to Own for Passive Income

Description

Dividend investing is arguably one of the best ways to use your money to generate passive income. The right income-generating assets boast an excellent track record for paying shareholder dividends, offer relatively higher returns, and possess the ability to deliver dividend hikes over time.

Investing in these dividend stocks can help you earn more in passive income than through fixed-income assets like bonds and GICs. As a retiree, a portfolio of dividend stocks in a Tax-Free Savings Account (TFSA) can help you supplement your retirement income without worrying about moving to a higher tax bracket.

Today, I will discuss two dividend stocks that you should consider adding to your portfolio if you are creating a dividend income portfolio to supplement your retirement income.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is a $101.87 billion market capitalization giant in the Canadian energy industry that boasts an expansive infrastructure responsible for transporting a fifth of the natural gas consumed in the U.S. and a quarter of the crude oil used in North America. Enbridge stock is also a Canadian Dividend Aristocrat with a 25-year dividend growth streak.

As the global focus shifts more toward establishing a greener future, Enbridge has been expanding its portfolio of renewable energy-generating assets to set it up for a greener future. The company has long been a reliable dividend payer, with a dividend-paying streak of almost 70 years. It has raised its shareholder dividends at a compound annual growth rate (CAGR) of 16% in the last decade.

At writing, the stock is trading for $50.13 per share and boasts a juicy 6.66% dividend yield.

Royal Bank of Canada

Royal Bank of Canada (TSX:RY)(NYSE:RY) is a $187.59 billion market capitalization financial institution. It boasts the largest market cap among the Big Six Canadian banks, and it had the most overall significant market cap on the **TSX** before **Shopify** stock came along.

The Canadian banking giant also has geographically diversified operations. It generates roughly 60% of its revenues from domestic markets and over a quarter from its operations in the U.S. The geographical diversification of the Canadian bank provides it with substantial exposure to growth opportunities.

The Royal Bank of Canada is also a Canadian Dividend Aristocrat with a lengthy dividend-paying streak that began in 1870. The banking stock has increased its shareholder dividends at a compound annual growth rate (CAGR) of 7.7% over the last decade and boasts a wide enough economic moat to continue its dividend hikes.

At writing, the stock is trading for $131.63 per share and boasts a 3.28% dividend yield.

Foolish takeaway

Enbridge stock and Royal Bank of Canada stock are companies with robust business models, a history of dividend hiked and boast the financial stability to ensure future shareholder dividends are sustainable.

If you are looking for assets that you could consider adding to your Tax-Free Savings Account (TFSA) to generate tax-free and passive income, Enbridge stock and Royal Bank of Canada stock could be ideal stock picks for this purpose.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
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2. NYSE:RY (Royal Bank of Canada)
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