Inflation Alert: 3 Top TSX Dividend Stocks to Buy Now

Description

Retirees and other income investor are searching for top TSX dividend stocks that offer high enough yields to keep their returns on track with inflation.

Inflation in Canada

Statistics Canada reported December 2021 inflation of 4.8%. That's the highest rate of inflation in Canada since 1991. The rate of inflation represents the change in the cost of living over the past 12 months based on the Consumer Price Index (CPI) reading. This is the value of a basket of goods and service the government uses to measure how expensive it is for the average person to live in Canada. The CPI includes the cost of things like food, shelter, gasoline, transportation, and recreation.

Retirees who receive CPP, OAS and defined benefit pensions get their payments adjusted for inflation. However, people who rely on investment income from their RRSP, RRIF, defined-contribution pension, or TFSA need to try to get returns that meet or exceed inflation.

Let's take a look at three dividend stocks that offer attractive yields today.

BCE

BCE (TSX:BCE)(NYSE:BCE) trades near $66.50 per share at the time of writing and offers a dividend yield of 5.25%. The company is the largest player in the Canadian communications sector and enjoys a wide competitive moat that it can defend through its investments in new fibre optic lines that run right to the premises of its customers. BCE is also spending billions of dollars to build out its 5G network.

The company generates strong free cash flow to support the dividend, and investors should see steady payout growth in the coming years.

TC Energy

TC Energy (TSX:TRP)(NYSE:TRP) trades near $63 per share compared to $75 before the pandemic. The stock appears cheap at the current price and offers a solid 5.5% dividend yield. TC Energy is working on $22 billion in capital projects that will help drive revenue and cash flow growth. The board intends to raise the dividend by 3-5% per year over the medium term.

TC Energy is positioned well to benefit from strong global demand for natural gas. Its existing pipelines and those under construction will enable producers to move natural gas to LNG facilities for export to countries that do not have domestic supplies.

TransAlta Renewables

TransAlta Renewables (TSX:RNW) owns and operates wind, solar, and hydroelectric power-generation assets in Canada, the United States, and Australia. The company grows through a combination of acquisitions and development projects.

TransAlta Renewables ran into some operational challenges in 2021 that have pushed down the share price. The most recent news that it will need to replace the foundations of all 50 wind turbines at its Kent Hills sites is disappointing, but the situation will be resolved by the end of next year, and investors now have all the details.

The stock looks undervalued at the current share price near $16.50 and provides a 5.6% dividend yield.

The bottom line on top stocks to beat inflation

BCE, TC Energy, and TransAlta Renewables all pay dividends that offer yields above the current rate of inflation in Canada. If you are searching for reliable high-yield dividend stocks for passive income, these names deserve to be on your radar today.

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