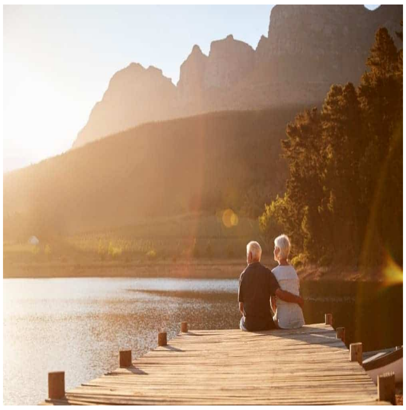

2 Top TSX Income Stocks for Retirees

Description

Canadian pensioners are searching for quality dividend stocks to put in their self-directed portfolios focused on generating reliable passive income.

Emera

Emera (TSX:EMA) is a utility company based in Nova Scotia with electricity generation, electricity transmission, natural gas transmission, and natural gas-distribution businesses located in Canada, the United States, and the Caribbean.

Assets total $33 billion and are primarily regulated, meaning cash flow tends to be reliable and predictable.

In the Q3 2021 report, Emera said it has a $7.4 billion capital program in place through 2023 and is evaluating an additional $1.2 billion in projects. As a result, management expects the rate base to grow by 7.5-8.5% by the end of 2023. The added revenue should support annual dividend increases of 4-5% over the next three years.

At the time of writing, Emera stock trades for close to $59.50 per share and provides a 4.4% dividend yield.

This is a good stock to buy if you want to add a defensive holding that offers an attractive yield and should perform well when the broader market hits a rough patch. People and companies need to use natural gas and electricity to keep the lights on and heat the building regardless of the state of the economy.

Telus

Telus (TSX:T)(NYSE:TU) is the second-largest player in the Canadian communications sector. The company stands out from its peers in that it never spent billions of dollars on media assets. The wisdom of the strategy is debated, but until now, the lack of content ownership hasn't hindered the company.

Telus has invested in other ventures, including **Telus International**, which went public last year. The company also owns Telus Health and Telus Agriculture. These divisions delivered strong revenue growth in 2021 and have the potential to be meaningful contributors to cash flow in the coming years, or even monetized through a sale or spinoff.

Telus is also investing in its legacy wireless and wireline businesses. The company is nearly finished its copper-to-fibre transitions and is building out its 5G network. These initiatives provide avenues for new revenue streams and ensure Telus protects its competitive moat.

The company has a great track record of dividend growth, and that trend should continue. The board raised the payout by 5.2% when the Q3 2021 results came out. This was the 21st dividend hike since 2011.

Capital expenditures will drop considerably starting in 2023. This is expected to drive higher free cash flow and should lead to more cash being returned to shareholders.

Telus is a good stock to own through good and bad economic times. The company provides essential services and isn't directly exposed to geopolitical volatility or global financial surprises.

Telus currently offers a 4.4% dividend yield.

The bottom line on top income stocks for retirees

Emera and Telus are top Canadian dividend stocks that should hold up well during turbulent times in the market. The companies pay generous and growing dividends with attractive yields. If you are searching for reliable buy-and-hold dividend stocks to generate passive income, these names deserve to be on your radar today.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:TU (TELUS)
2. TSX:EMA (Emera Incorporated)
3. TSX:T (TELUS)

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