3 Top Passive-Income Stocks for Canadian Pensioners

Description

Canadian retirees are searching for quality dividend stocks to buy insider their TFSA to generate reliable and growing passive income.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is a giant in the energy infrastructure sector. The company moves 25% of the oil produced in the U.S. and Canada. It also transports 20% of the natural gas used in the United States. Other assets include Canadian natural gas utilities and a growing renewable energy business.

In its 2022 outlook, Enbridge said it expects ongoing capital programs and the positive impact of a recent acquisition to drive distributable cash flow growth of 5-7% (DCF) over the medium term. The board raised the dividend by 3% for 2022, but higher increases could be on the way for the following years if DCF gains hit the upper end of the guidance.

Enbridge has the financial clout to buy strategic assets to help drive growth and still has ample development opportunities across the asset base, with most new projects expected to be in the natural gas transmission and renewable energy groups.

The stock appears attractive at the current share price near $52 and offers income investors a solid 6.6% dividend yield.

Emera

Emera (TSX:EMA) is a utility firm based in Halifax with assets in Canada, the United States, and the Caribbean. The company gets most of its revenue from regulated businesses such as electric and natural gas utilities.

Emera reported a $7.4 billion capital program for 2021-2023 with an additional $1.2 billion under consideration that could get added to the mix. In 2021, the company spent about $2 billion of that amount, bringing the rate base up by 6% to $22.5 billion.

The ongoing investments are expected to drive rate base growth of about 8% over the three years. This should support dividend increases of 4-5% for 2022 and 2023.

At the time of writing, the stock provides a yield of 4.4%. Emera is a good defensive stock to consider right now if you think the broader market is headed for a meaningful correction at some point in 2022.

CIBC

CIBC (TSX:CM)(NYSE:CM) has had a big run off the 2020 lows. In fact, the stock has more than doubled. Despite the huge rally, CIBC stock still looks attractive for income investors. The shares trade at a reasonable 11.5 times trailing 12-month earnings and the current dividend provides a 4% yield.

CIBC increased the quarterly payout from $1.46 per share to $1.61 when it reported fiscal Q4 2021 results. The bank also plans to use some of its excess cash to buy back up to 2.2% of its stock under the new share-repurchase program.

The expected interest rate hikes in Canada and the United States this year should help CIBC boost net interest margins in the domestic market and south of the border. Some investors might be concerned that a sharp spike in rates could put parts of CIBC's large Canadian residential mortgage portfolio at risk of default. That's certainly possible, but housing demand is expected to remain strong, even as rates rise due to low supply, so a crash in house prices isn't likely on the way and CIBC has ample capital to ride out a downturn.

The bottom line on top stocks for passive income

Enbridge, Emera, and CIBC all pay attractive dividends that should continue to grow. If you have some cash to put to work in a TFSA focused on passive income, these stocks deserve to be on your radar.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:CM (Canadian Imperial Bank of Commerce)
4. TSX:EMA (Emera Incorporated)
5. TSX:ENB (Enbridge Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin

3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. aswalker
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date
2025/09/11
Date Created
2022/01/28
Author
aswalker