
# Top TSX Stocks to Buy Now for Reliable Passive Income

### Description

Pensioners and other dividend investors are searching for top TSX stocks to buy right now for a self-directed TFSA focused on passive income.



## BCE

**BCE** (TSX:BCE)(NYSE:BCE) just reported solid Q4 and full-year 2021 results. The business saw operating revenues increase 2.5% in 2021 and adjusted net earnings rose 6%. Free cash flow slipped 10.5% due to increased capital expenditures but still came in at nearly $3 billion.

Management provided a positive outlook for 2022, as the business is expected to see revenue gains across the mobile, TV, and internet segments. BCE's media operations should also benefit from higher advertising spending in 2022.

The company continues to invest in fibre optic lines and the expansion of its 5G network. BCE expects to connect 900,000 new locations to the fibre network in 2022 and will increase its 5G reach.

The board raised the dividend by 5.1% for this year. Once the heavy capital outlays for the 5G network and the fibre-to-the-premises program start to slow down, investors could see free cash flow soar and the size of the dividend hikes increase.

The new quarterly distribution of $0.92 per share provides an annualized yield of 5.4% at the time of writing.

## Suncor

**Suncor** (TSX:SU)(NYSE:SU) continues to benefit from the rebound in oil prices. Canada's largest integrated energy company generated $3.1 billion in adjusted funds from operations in Q4 2021, setting a Q4 record.

Adjusted operating earnings came in at $1.29 billion compared to a loss is the same period last year. The refining and marketing division, which includes the refineries and Suncor's roughly 1,500 Petro-Canada retail locations, contributed $765 million in adjusted funds from operations. This was a big increase from Q4 2020 when the unit generated $415 million.

Refinery utilization in the quarter averaged 96%. Suncor said its Canadian refineries outperformed the national average by 15%.

Suncor used the cash windfall in 2021 to reduce net debt by $3.7 billion to $16.1 billion, where it was in 2019. Ongoing debt reduction is expected to continue this year.

Suncor is using excess cash to buy back up to 5% of the outstanding stock in the new repurchase plan. Suncor spent $2.5 billion on share repurchases over the past year at an average cost of $27.92 per share. The stock currently trades near $37.

Investors might see another big dividend increase this year. The board raised the payout by 100% in late 2021 to bring the distribution back to the 2019 level. At the time of writing, the distribution provides a 4.6% dividend yield.

WTI oil is above US$90 per barrel, and most analysts expect it to hit US$100 this year. Even at US$80, Suncor generates significant cash flow. The rebound in fuel demand that should come when commuters go back to the office and airlines ramp up capacity later this year should drive stronger results in the downstream operations.



Suncor appears undervalued right now. It was a $44 stock before the pandemic.

## The bottom line on top stocks for passive income

BCE and Suncor are leaders in their respective industries and should deliver steady dividend growth in the coming years. The stocks appear attractive at current prices and offer above-average dividend yields.

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