2 Top TSX Stocks to Start a TFSA Pension

Description

Canadian savers are using their TFSAs to build self-directed retirement funds. The TFSA is a great option for people who are gig workers or self-employed and do not have access to a defined benefit or defined contribution pension plan through a company.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is expanding into the carbon-sequestration sector amid growing demand for ESG solutions to help businesses meet net-zero emissions targets. Enbridge is partnering with the First Nation Capital Investment Partnership (FNCIP) to develop carbon transportation and storage solutions.

The facilities will connect to carbon-capture projects Enbridge is working on with cement and power producers.

Carbon sequestration is a significant opportunity for Enbridge to drive future revenue growth, and the company is well placed to be a leader in the market in areas where it can leverage transmission and storage expertise.

Enbridge is also investing in natural gas distribution and renewable energy projects. The company announced $1.1 billion in new projects in these segments when it released the 2022 financial guidance last December. Enbridge reported strong Q3 2021 results that showed a 20% year-over-year gain in adjusted earnings. The Q4 2021 results should also be strong.

Enbridge raised the dividend by 3% for 2022. It was the 27th consecutive annual increase to the payout. This is important for TFSA investors who use the dividends to buy new shares to harness the power of compounding in their portfolios.

Enbridge is also buying back up to $1.5 billion in stock under a new share-repurchase plan.

Distributable cash flow (DCF) is expected to grow by 5-7% per year through at least 2024. Investors should see dividend growth track the DCF gains.

The stock looks attractive for TFSA investors focused on quality dividend growth and provides a 6.3% yield at the time of writing.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) operates 10 utilities across Canada, the United States, and the Caribbean. Regulated businesses make up 99% of the $57 billion in assets. Power generation and electric transmission comprises 82% of the portfolio while natural gas assets account for 17%. The last 1% is non-regulated energy infrastructure.

Regulated utilities generate reliable and predictable cash flow. This is part of the reason Fortis provides solid multi-year guidance on dividend growth. The company is currently working on a $20 billion capital program that will increase the rate base by an an average of 6% per year through 2026. The expected boost in revenue will support annual dividend hikes in the same range.

Fortis has increased its dividend for 48 consecutive years. The current payout provides a 3.6% yield.

The company also has a great track record of making successful acquisitions. Any new purchases would potentially drive the dividend-growth rate higher and extend the guidance.

The bottom line on top stocks to start a TFSA pension

Enbridge and Fortis are top TSX dividend stocks that should deliver steady distribution growth in the coming years. If you have some cash to put to work in a TFSA retirement fund, these stocks deserve to be on your radar.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:FTS (Fortis Inc.)
3. TSX:ENB (Enbridge Inc.)
4. TSX:FTS (Fortis 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
2025/09/10
Date Created
2022/02/09
Author
aswalker