



## 2 Top Dividend Stocks to Generate Growing Passive Income

### Description

The **TSX Index** is home to many top dividend stocks that have strong track records of paying investors reliable and growing dividends for a [TFSA](#) portfolio focused on passive income.

### TC Energy

**TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) has a [market capitalization](#) of \$64 billion and operates more than \$100 billion in assets that generate steady revenue and cash flow.

The company is primarily known for its vast natural gas transmission and storage operations in Canada, the United States, and Mexico. The 93,000 km of natural gas pipelines and extensive gas storage facilities make TC Energy a key player in the natural gas [sector](#) where international demand for liquified natural gas (LNG) is expected to be driver of long-term growth.

TC Energy has started to leverage its expertise in pipelines and storage to move into new markets, such as hydrogen and carbon capture.

The company put \$7 billion in new capital projects into service in 2021 and is working on an additional \$22 billion that will drive revenue and cash flow growth over the medium term. TC Energy is targeting annual dividend increases of 3-5%.

The current annualized distribution of \$3.48 per share provides a 5.3% dividend yield at the time of writing.

### Fortis

**Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) might not offer the highest dividend yield today, but the stock still deserves to be a core holding for investors seeking steady passive income.

The utility company operates \$57 billion of power generation, electric transmission, and natural gas

distribution assets in Canada, the United States, and the Caribbean. Nearly all of the revenue comes from regulated businesses. This means cash flow to support dividend payments tends to be predictable and reliable.

Fortis has \$20 billion in capital projects on the go with others under consideration that could get added to the plan in the next few years. The new assets are expected to boost the rate base by more than 30% through 2026. As a result, management intends to increase the dividend by an average of 6% per year through 2025. That's solid guidance for investors focused on generating passive income that increases annually. The board has raised the distribution for 48 consecutive years.

Fortis also grows through strategic acquisitions. The company hasn't done a big deal for more than five years, so it wouldn't be a surprise to a new takeover emerge in the near term.

The current distribution offers a 3.6% yield at the time of writing.

## The bottom line on top stocks for passive income

TC Energy and Fortis are good examples of top TSX dividend stocks investors can buy to generate reliable and growing passive income in their self-directed TFSA portfolios. The stocks have great track records of revenue and cash flow growth and are working on large capital programs to keep the momentum going for the coming years.

If you have some cash to put to work and are searching for alternatives to a [GIC](#) to create a stream of earnings on your savings, these stocks deserve to be on your radar.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. NYSE:TRP (Tc Energy)
3. TSX:FTS (Fortis Inc.)
4. TSX:TRP (TC Energy Corporation)

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