



## 2 Cheap Dividend Stocks to Build TFSA Wealth and Generate Passive Income

### Description

Canadian investors are using their TFSAs to invest in top dividend stocks for a personal [retirement](#) fund. The **TSX Index** is full of good stocks to buy right now that look cheap and generate attractive passive income.

### Fortis

**Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) is a key player in the North American utility [sector](#) with 10 utility businesses located across Canada, the United States, and the Caribbean. The company operates \$58 billion in assets with 99% being regulated. This means revenue and cash flow are normally predictable and reliable.

That's an important factor for TFSA investors to consider when searching for top dividend stocks to grow their portfolios and provide steady streams of passive income.

Fortis has a great track record of delivering growth through acquisitions and development projects. This company had just \$390 million in assets in 1987.

The current \$20 billion capital program is expected to increase the rate base by 6% per year through 2026. As a result, management expects cash flow growth to support average annual dividend increases in the same range until at least 2025.

Fortis raised the payout in each of the past 48 years, so the guidance should be reliable.

The stock trades near \$56.75 per share at the time of writing compared to the 12-month high around \$61.50, so investors have a chance to buy the shares on a nice dip and pick up a solid 3.8% dividend yield.

### TC Energy

**TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) reported strong Q4 and full-year 2021 results that demonstrate the quality of the diverse \$100 billion asset base.

Comparable earnings for 2021 came in at \$4.2 billion, or \$4.27 per share, up from \$3.9 billion, or \$4.20 per share, in 2020.

Looking ahead, TC Energy is working on \$24 billion in commercially secured capital projects, of which, \$6.5 billion are on track to go into service in 2022. Average annual EBITDA is expected to grow by 5% through 2026. This would increase if the company added new projects to the development pipeline or makes a strategic acquisition.

New opportunities in hydrogen and carbon sequestration are emerging as companies that emit large emissions strive to meet aggressive [ESG](#) targets. TC Energy has the infrastructure and the expertise to be a major player in this emerging segment.

The board just announced a 3.4% dividend increase for 2022. This is the 22nd consecutive year the company has raised the payout, and investors should see the trend continue. The new annualized distribution of \$3.60 per share provides a yield of about 5.5% at the current share price. The stock is down a bit from the 12-month high and should be an attractive pick right now.

## The bottom line for TFSA investors

Fortis and TC Energy have long histories of rewarding investors with rising dividends and higher share prices. The companies have strong capital programs in place to drive revenue and cash flow growth over the next few years. If you have some cash to put to work in a TFSA focused on total returns, these stocks deserve to be on your radar.

### CATEGORY

1. Dividend Stocks
2. 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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