



2 Top Dividend Stocks for Tax-Free Passive Income in Retirement

Description

Canadian savers are searching for top TSX dividend stocks to add to their [TFSA](#) portfolios focused on generating a growing passive income. Retirees make up a large part of this crowd, but investors of all ages can benefit from a steady stream of tax-free income to help pay the bills these days.

Suncor

Suncor ([TSX:SU](#))([NYSE:SU](#)) looks undervalued right now when you consider the margin the company is making on every barrel of oil it produces. The firm also has refineries that turn oil into fuel and retail locations that sell the finished product.

Suncor raised the dividend by 100% last fall to bring the payout back to the 2019 level after reducing the distribution in a surprise cut in 2020. Investors still haven't forgiven the company for that move, and this is largely why the stock has trailed its peers in the past year. New investors still have a chance to buy Suncor at a reasonable price. The shares trade near \$41 at the time of writing, with WTI oil above US\$100 per barrel. Suncor was \$44 per share before the pandemic when WTI oil was just US\$60.

Pandemic restrictions are ending, and that means more people will start to travel to different countries. The surge in jet fuel demand should bode well for Suncor's refineries in the next few years. At the same time, sanctions being placed against Russia could stay in place for years. This should drive a surge in demand for Canadian oil both from the United States and international buyers.

Suncor used excess cash to reduce debt and buy back stock in 2021. With the surge in the price of oil in 2022, investors could see another significant dividend increase in the coming months. At the time of writing, the stock already provides a solid 4% yield.

TC Energy

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)) is another stock that should offer decent upside potential and pays an attractive dividend that continues to grow.

The energy infrastructure giant is largely focused on natural gas transmission and storage. TC Energy also has oil pipelines and power generation assets. The natural gas sector is expanding and should offer TC Energy strong growth potential in the coming years. Power-generation companies are switching to natural gas from coal and oil to meet [ESG](#) goals. At the same time, liquified natural gas (LNG) demand is expected to soar as Europe and Asia search for reliable global supplies to meet their needs. Natural gas is not only used to generate power; it is also the fuel that is used by millions of homes and businesses to generate heat.

TC Energy moves natural gas from producers to storage facilities, gas distribution utilities, and LNG plants. As the LNG market expands, TC Energy is in a good position to get the natural gas to export sites in Canada and the United States.

The stock trades near \$72 per share at the time of writing compared to \$76 in early 2020. TC Energy raised the dividend by 3% for 2022. Investors should see steady annual payout increases in the 3-5% range over the medium term.

At the time of writing, the stock provides a 5% dividend yield.

The bottom line

Suncor and TC Energy are leaders in their respective industries and should provide investors with decent dividend growth in the coming years. The stocks appear attractive right now and deserve to be on your radar for a TFSA focused on passive income.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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

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

2025/08/27

Date Created

2022/03/28

Author

aswalker

default watermark

default watermark