



2 Great TSX Dividend Stocks for TFSA Passive Income

Description

Retirees and other dividend investors are using their TFSAs to hold top TSX dividend stocks as a [strategy](#) to generate steady tax-free passive income.

Telus

Telus ([TSX:T](#))([NYSE:TU](#)) is a leader in the Canadian communications industry with state-of-the-art wireless and wireline network infrastructure providing mobile, internet, and TV services to clients across the country.

Telus has avoided the temptation to spend billions of dollars on media assets. Some analysts think this puts the company at a disadvantage when compared to its large competitors, but the lack of a media business hasn't hurt Telus so far. In fact, the company avoided a lot of the negative impact of the pandemic by not having a large media division.

Telus has other investments that are growing at a steady clip. Telus Health is a leader in the digital healthcare sector providing Canadian doctors, hospitals, and insurance companies with digital solutions. The group saw a strong uptake in its various services over the past two years and has the potential to be a significant driver of revenue growth, as the health industry shifts more to online services.

Telus Agriculture is another division to watch. The group helps farmers manage their businesses more efficiently through a variety of technology products and services.

Telus has a great track record of dividend growth. The board raised the payout by more than 5% late last year, and investors should see steady payout increases in 2022 and beyond. Telus is spending big bucks on the expansion of its [5G](#) network and the transition from copper to fibre optic lines. These initiatives open the door for new revenue growth, and the capital outlays should peak in 2022 or 2023. This means more cash should be available for dividend hikes over the medium term.

The stock is a good defensive pick for dividend investors who are concerned about the impact of

geopolitical uncertainty on the global financial markets. Investors who buy Telus stock today can pick up a solid 4% dividend yield.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is a leader in the North American energy infrastructure sector with extensive oil and natural gas pipeline networks that serve a key role in the smooth operation of the Canadian and U.S. economies. Enbridge transports 25% of the oil produced in the two countries and moves 20% of the natural gas used in the United States. The company also has natural gas distribution utilities and a growing renewable energy business.

New opportunities are emerging for carbon-sequestration and storage facilities. Enbridge is already putting partnerships in place to tap the potential of this new segment, as companies with high carbon emissions look for ways to hit their [ESG](#) goals.

Enbridge delivered strong results in 2021 and is poised to generate solid growth in distributable cash flow in the next few years. The stock looks attractive right now and offers investors a generous 6% dividend yield.

The bottom line on top stocks for TFSA passive income

Telus and Enbridge are leaders in their respective industries and have long track records of dividend growth. If you have some cash to put to work in a TFSA focused on passive income, these stocks deserve to be on your radar today.

CATEGORY

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2. Investing

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Author

aswalker

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