2 Reliable Dividend Stocks for Passive Income in a High-Yield TFSA

Description

The steep rise in inflation is pushing investors to seek out higher yields on their savings. One strategy involves buying top TSX dividend stocks inside a TFSA to generate steady tax-free earnings.

Pembina Pipeline

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Pembina Pipeline (TSX:PPL)(NYSE:PBA) provides a variety of midstream services to oil and gas producers primarily located in Canada. The rebound in global oil consumption and sanctions placed on Russian supplies are driving higher demand for Canadian oil and natural gas. This bodes well for Pembina Pipeline in the coming years, as producers ramp up output to take advantage of higher prices and stronger market volumes.

Pembina Pipeline has grown steadily over the past 65 years through strategic acquisitions and organic projects. Management continues to evaluate growth opportunities, including a new LNG export facility and carbon-sequestration hubs. Pembina Pipeline is also moving ahead with projects it put on hold during the pandemic.

The company is allocating excess cash this year to pay down debt and buy back stock. A dividend increase could also be on the way for 2023.

The stock has had a nice run in 2022 but still trades below its pre-pandemic price. At the time of writing, investors can pick up a 5.3% dividend yield.

Pembina Pipeline has traditionally been an aggressive buyer of other businesses, but it could also become a takeover target, as the energy infrastructure sector consolidates and alternative asset managers seek out reliable revenue and cash flow businesses to add to their portfolios.

BCE

BCE (TSX:BCE)(NYSE:BCE) is Canada's largest communications company with a market capitalization of $63 billion. Being big has advantages in a sector where billions of dollars of capital expenditures are needed each year to upgrade network infrastructure to ensure customers continue to have world-class broadband access and communications capabilities.

BCE spent $2 billion on new spectrum in 2021 that will be used to expand the company's 5G network. This should open up new revenue opportunities in the coming years. BCE has also done a good job of protecting its market position by running high speed fibre optic lines to the premises of its customers.

The company generates strong free cash flow, despite the heavy capital outlays, and should continue to deliver reliable annual dividend increases of about 5%. This is a good defensive stock to add to a TFSA portfolio focused on passive income. BCE provides essential services, and the business shouldn't be heavily impacted by turbulence in global financial markets.

Anyone who makes a call, sends a text, watches the news, streams a movie, listens to the weather report, or checks e-mail in Canada is likely using a BCE asset somewhere along the line. That's a powerful business that can deliver solid returns for years.

Investors who buy the stock at the time of writing can pick up a 5.3% dividend yield.

The bottom line on top stocks for high-yield passive income

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Pembina Pipeline and BCE are two top businesses that provide investors with reliable dividends that generate above-average yields. The stocks appear attractive in the current environment and deserve to be on your radar today for a TFSA focused on generating tax-free passive income to help mitigate the impacts of high inflation.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:BCE (BCE Inc.)
4. TSX:PPL (Pembina Pipeline Corporation)

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