Retirees: 2 Top Defensive Dividend Stocks to Buy Now in a TFSA

Description

Canadian pensioners are searching for top dividend stocks to generate reliable passive-income inside their TFSAs. Markets could get a bit choppy in the coming months, so it makes sense to consider defensive stocks when putting new money to work today.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) owns power generation, electric transmission, and natural gas distribution businesses in Canada, the United States, and the Caribbean. Revenue from these operations is typically regulated, meaning cash flow tends to be predictable and reliable. This is important for investors who are searching for anchor dividend picks to generate passive income. The existing assets provide stable revenue, while growth comes from capital projects and acquisitions.

Fortis is working on a $20 billion capital program that will increase the rate base by about a third by the end of 2026. As a result, management is providing guidance for dividend growth of 6% per year through 2025. Any expansion of the capital program or a strategic acquisition would likely increase the size of the dividend hikes or extend the horizon of the distribution growth.

The board raised the payout in each of the past 48 years, so investors should feel confident that Fortis will deliver on its plans.

The stock provides a yield of 3.4% at the time of writing. That's lower than you might get from other popular dividend stocks, but the stable outlook for distribution growth makes Fortis attractive in the current environment.

BCE

BCE (TSX:BCE)(NYSE:BCE) has always been a favourite holding among retirees. The company provides essential communications services, has the ability to raise prices when it needs extra cash, and is a leader in a sector with few serious competitors.

In addition, BCE has the balance sheet strength to make the investments needed to protect its business and drive revenue growth. BCE spent $2 billion last year on new spectrum that will support the expansion of its 5G network. The firm is also planning to run fibre optic lines right to the premises of another 900,000 clients in 2022.

BCE's media division had a rough time in 2020 and early 2021, as advertisers reduced spending and sports teams played in front of empty seats. The division started to recover in the back half of last year and 2022 should bring strong results for the media group. On the mobile side of the businesses, the return of business and holiday travel over the coming months will likely boost profitable roaming fees.

BCE is targeting solid free cash flow growth this year. The board recently raised the dividend by 5.1% and another hike in that range should be on the way in 2023.

Investors who buy BCE stock at the current price can pick up a solid 5.25% yield.

The bottom line on top defensive dividend stocks

Fortis and BCE provide essential services that customers need regardless of the state of the economy. The companies have great track records of paying reliable and growing dividends, and the share prices tend to hold up well when the broader market hits a rough patch.

If you are searching for top defensive dividend stocks to add to your portfolio focused on passive income, Fortis and BCE deserve to be on your radar.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:FTS (Fortis Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:FTS (Fortis Inc.)

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
2025/08/25
Date Created
2022/04/05
Author
aswalker