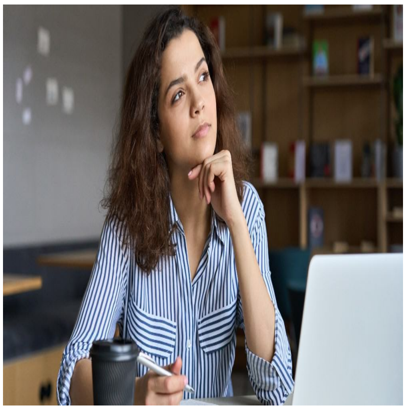

3 of the Best TSX Stocks for Passive Income Seeking Investors

Description

Stability matters more when it comes to long-term investing. After all, you don't want to have sleepless nights just for a few percentage points higher return. So, dividend stocks could be a prudent choice in these markets. They are relatively less risky, slow-moving stocks that provide stable passive income.

Warren Buffett earns approximately US$3.8 billion in dividends every year. While he has been a top-class stock picker for decades, his patience has played a bigger role in his financial success.

Keep earnings passively in your sunset years

Dividend stocks still form a significant portion of **Berkshire Hathaway**'s investment portfolio. Though they seem less exciting, stable dividend growers have outperformed broad markets in the long term. And that's because companies that pay stable dividends earn profits in almost all business cycles. They have decent visibility of their demand and future earnings.

Canadians have a few solid options when it comes to dividend stocks. Investing in these names via a Tax-Free Savings Account (TFSA) will be a smart move. The capital gain and dividend income generated within the TFSA will be tax-free throughout the holding period. In addition, withdrawals from the TFSA are tax-free allowing compounding at a higher rate.

The annual contribution limit for TFSA this year is $6,000, the same as last year. But the total accumulated TFSA contribution limit is $81,500 when adding up all yearly limits since its start.

Here are three top TSX stocks you can consider for stable passive income in the long term.

Toronto-Dominion Bank

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) is not among the top-yielding stocks on the TSX. However, its long dividend history of 164 consecutive years of payment certainly stands tall.

TD stock yields 3.6% and has returned 25% since last year. Amid the economic growth and rising interest rates, bank stocks like TD could see accelerated earnings growth.

TD's strong balance sheet and a significant presence south of the border could be its key growth drivers in the next few years. As a result, it could continue to pay stable dividends with stable earnings growth in the foreseeable future.

TC Energy

Canadian energy pipeline giant **TC Energy** (TSX:TRP)(NYSE:TRP) is another excellent pick for income-seeking investors. It currently offers a dividend yield of 5%, higher than TSX stocks at large.

Energy pipeline stocks are not as risky as oil and gas producers. Their earnings are not directly impacted by volatile oil and gas prices. So, energy pipeline companies have reasonable visibility of their future earnings and dividends.

TRP stock returned 165% in the last decade, including dividends. In comparison, peer **Enbridge** returned 140% in the same period.

Fortis

Utility stocks are often called "bond proxies" because of their stable dividend payments. Canada's top utility stock **Fortis** (TSX:FTS)(NYSE:FTS) is among investors' favourites as it has consistently increased shareholder payouts for almost five decades. FTS stock currently yields 3.4%.

Utilities are mature companies that earn stable cash flows, facilitating regular dividends.

Utilities like Fortis distribute a large portion of their earnings among their shareholders in the form of dividends. That's why they have superior payout ratios. FTS had a payout ratio of 52% in 2021.

CATEGORY

1. Dividend Stocks
2. Investing

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1. NYSE:FTS (Fortis Inc.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. NYSE:TRP (Tc Energy)
4. TSX:FTS (Fortis Inc.)
5. TSX:TD (The Toronto-Dominion Bank)
6. TSX:TRP (TC Energy Corporation)

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