



2 Top TSX Dividend Stocks for TFSA Passive Income

Description

Retirees and other dividend investors are searching for top stocks to add to their self-directed [TFSA](#) portfolios focused on generating tax-free passive income.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) delivered improved results in 2021 that set the stage for a strong 2022.

The energy infrastructure giant reported adjusted earnings of \$5.6 billion, or \$2.74 per share, in 2021 compared to earnings of \$4.9 billion, or \$2.42 per share, in 2020.

Distributable cash flow (DCF) came in at \$10 billion last year, or \$4.96 per share. This was up from \$9.4 billion, or \$4.67 billion in 2020. The improvements came as a result of better throughput on the oil pipelines and revenue generated by \$10 billion in newly completed assets that went into service.

Investors received solid guidance for 2022. EBITDA is projected to be \$15 billion to \$15.6 billion compared to \$14 billion in 2021. Enbridge expects DCF to come in at \$5.20 to \$5.50 per share, representing a 5-10% gain.

That's good news for income investors who want to get reliable and growing payouts from their holdings. The board raised the dividend by 3% for 2022, extending the consecutive dividend-growth streak to 27 years. At the time of writing, Enbridge stock provides a 5.9% dividend yield.

Enbridge spent US\$3 billion on the acquisition of a strategic oil export facility in 2021. The asset will contribute to revenue growth in 2022 and should deliver strong returns in the coming years. Enbridge is targeting annual capital investments of \$5-6 billion over the next three years. The company is focusing on its natural gas and renewables groups as well as looking into opportunities for carbon capture and storage.

Enbridge is using excess cash to reduce its outstanding common stock float. The company has a

share-buyback program in place that will see Enbridge repurchase up to \$1.5 billion in stock.

BCE

BCE ([TSX:BCE](#))([NYSE:BCE](#)) is a good defensive stock to put in a TFSA focused on passive income. The company provides essential services and has the power to raise prices to cover increases in costs caused by higher borrowing rates or more expensive infrastructure gear and materials.

BCE is a leader in the Canadian communications industry. The company is investing in new fibre optic lines that run right to the premises of its customers. This provides homes and businesses with world-class broadband access while helping BCE protect its wide competitive moat. BCE is also expanding its [5G](#) network after spending \$2 billion in 2021 on new spectrum.

BCE raised the dividend by 5% for 2022. A similar increase is likely on the way for 2023. BCE is targeting free cash flow growth of 2-10% this year.

Investors who buy the stock at the time of writing can pick up a solid 5% dividend yield.

The bottom line on top dividend stocks for passive income

Enbridge and BCE are leaders in their respective [sectors](#). The companies pay growing dividends with above-average yields and provide services that have built-in resistance to economic downturns. If you have some cash to put to work in a TFSA focused on passive income, these stocks deserve to be on your radar.

CATEGORY

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2. Investing

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