TFSA Passive Income: 2 High-Yield TSX Stocks to Own for Decades

Description

Retirees and other TFSA dividend investors are searching for top TSX stocks to buy for their portfolios focused on passive income. Inflation is above 5% in Canada, so it makes sense to seek out stocks with high yields and the potential for solid dividend growth.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) moves 30% of the oil produced in the U.S. and Canada and transports 20% of the natural gas used by Americans. In addition, Enbridge operates natural gas-distribution utilities that serve roughly three million customers, and the company is expanding its renewable energy portfolio that includes wind, solar, and geothermal facilities.

The global push to reduce carbon emissions opens up new opportunities for Enbridge in future years. The company is already planning carbon capture and storage hubs to help customers who are large carbon dioxide emitters reduce their impact on global warming and meet ESG goals.

Enbridge expects to invest up to $6 billion per year on capital projects through 2024. Management is targeting distributable cash flow growth of 5-7% over the medium term, so dividend increases should be steady. The board raised the distribution by 3% for 2022. Enbridge is also rewarding shareholders through share buybacks with $1.5 billion earmarked to repurchase shares under the current program.

The rebound in oil and gas demand should drive strong results across Enbridge's energy infrastructure network for years. The stock is up 17% in 2022 at the time of writing, but more gains should be on the way. Investors who buy Enbridge stock now can pick up a 5.9% dividend yield.

Manulife

Manulife (TSX:MFC)(NYSE:MFC) provides insurance and wealth management products to clients in Canada, the United States, and Asia. The American operations run under the John Hancock brand. Manulife generated strong results in 2021. Net income came in at a record $7.1 billion, up by $1.2

billion compared to 2020.

Asia represents the best growth opportunity in the coming years. Manulife has more than 117,000 contracted agents and relationships with financial institutions across the region. The expansion of middle-class wealth will drive up demand for insurance and wealth management products.

Manulife has worked hard to reduce its exposure to market crashes after it took a bit hit during the Great Recession. Last year, the company entered a deal to reinsure 75% of its legacy variable annuity business in the United States. The move unlocked $2 billion in capital and reduced the company's risk profile.

Manulife raised the dividend by 18% late last year. The new annualized payout of $1.32 per share provides a yield of 4.9% at the time of writing.

Rising interest rates in the United States and Canada should benefit Manulife. The company can earn better returns on the cash it has to set aside to cover potential claims.

The bottom line on top stocks for passive income

Enbridge and Manulife are leaders in their respective sectors. The companies pay attractive dividends that should continue to grow for years. 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

1. Dividend Stocks
2. Investing

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2. NYSE:MFC (Manulife Financial Corporation)
3. TSX:ENB (Enbridge Inc.)
4. TSX:MFC (Manulife Financial Corporation)

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aswalker