



## TFSA Passive Income: 2 Top Stocks for Retirees

### Description

Canadian pensioners are searching for top TSX dividend stocks to put inside their self-directed [TFSA](#) portfolios.

### Pembina Pipeline

**Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)) reported record results in 2021, and the momentum is expected to continue in 2022 and beyond.

Full-year adjusted EBITDA came in at \$3.43 billion in 2021, up 5% over 2020 and above the high end of guidance. In 2022, Pembina Pipeline expects adjusted EBITDA to be \$3.35 to \$3.55 billion. Strong market conditions should generate excess cash flow above the amount needed to cover dividends and capital expenditures. Pembina Pipeline plans to spend the first \$200 million in extra cash on share buybacks through the first half of the year. Investors could see an increase to the dividend in Q3 or Q4 if the robust market conditions extend through the coming months.

The current monthly dividend of \$0.21 per share provides an annualized yield of 4.9% at the time of writing.

Pembina Pipeline provides key midstream services to oil and gas producers. The company has liquids and natural gas pipelines, gas gathering and processing facilities, and logistics operations. In addition, Pembina Pipeline owns a propane export terminal and is evaluating opportunities for carbon capture and storage.

The rebound in the oil and gas sector is expected to continue for several years, and Pembina Pipeline should benefit, as the industry ramps up production.

### Telus

**Telus** ([TSX:T](#))([NYSE:TU](#)) might not get as much attention as its peers due to the lack of a media

division, but Telus continues to deliver strong total returns for TFSA investors.

The company is investing in its copper-to-fibre transition. The majority of the expenses for that project should wrap up this year. At the same time, Telus is building out its [5G](#) network. Total capital expenditures in 2022 are targeted at close to \$3.5 billion. This is expected to drop to an average annual rate of \$2.5 billion beginning in 2023.

The result for investors should be more cash available for distributions. Revenue growth should come from the fibre and 5G investments as well as from a rebound in lucrative roaming fees as people travel more for business and holidays. Telus is also seeing revenue growth in its subsidiary businesses. TELUS Health is a leader in the Canadian market for digital healthcare solutions. TELUS Agriculture is gaining momentum as a provider of digital solutions that help farmers improve the efficiency of their businesses.

Telus typically raises the dividend twice per year with total increases of 7-10% annually. The company has a great track record of providing good dividend-growth guidance, and investors should see details about the next three-year plan when the Q1 2022 results are announced in May.

Investors who buy the stock at the current price near \$33.50 can pick up a solid 3.9% dividend yield.

## The bottom line on top stocks for passive income

Pembina Pipeline and Telus are top dividend stocks with generous payouts and attractive yields. 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

### TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. NYSE:TU (TELUS)
3. TSX:PPL (Pembina Pipeline Corporation)
4. TSX:T (TELUS)

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aswalker

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