



TFSA Passive Income: 1 Top TSX Dividend Stock for Retirees

Description

Canadian retirees are taking advantage of their large [TFSA](#) contribution room to build tax-free portfolios full of top dividend stocks.

TFSA advantage

All income earned inside the TFSA remains beyond the reach of the CRA. This is important for seniors who receive income from a number of taxable sources that include company pensions, CPP, OAS, and [RRIF](#) payments.

The TFSA income not only keeps investors from being bumped into a higher tax bracket, but it is also omitted when the CRA calculates net world income to determine the Old Age Security pension recovery tax. An OAS clawback of 15% is imposed for every dollar of net world income above a minimum threshold. The number to keep an eye on for the 2022 tax year is \$81,761.

Seniors who have TFSA space available should max out their contributions before holding investments in taxable accounts. The TFSA limit for 2022 is \$6,000, bringing the maximum total space to \$81,500 per person.

Let's take a look at one top TSX dividend stock that might be an interesting pick today for a TFSA focused on passive income.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is a leader in the North American energy infrastructure sector with oil pipelines, an oil export terminal, natural gas pipelines, natural gas storage, natural gas utilities, and renewable energy assets.

The company moves 30% of the oil produced in Canada and the United States. It owns the largest U.S. oil storage and export terminal and has more than 28,000 km of active oil pipelines. Enbridge's

gas transmission network transports 20% of the natural gas used by Americans. The gas distribution utility is North America's third largest by customer count and the largest by volume.

Enbridge delivered strong results in 2021, and investors are receiving the benefits from the ongoing rebound in the oil and gas market. The board raised the dividend by 3% for 2022, marking the 27th consecutive annual dividend hike. Enbridge is also buying back up to \$1.5 billion in stock under the new share-repurchase program.

The company continues to find capital projects across the asset base to drive growth and has the financial clout to make strategic acquisitions. Management expects distributable cash flow to rise by 5-7% per year over the medium term. This should support ongoing dividend increases of 3-5% per year.

Enbridge stock has pulled back a bit from the 2022 high. At the time of writing, investors can pick up a solid 6% dividend yield. That's an attractive return for a TFSA focused on passive income.

The market might not be pricing in Enbridge's opportunities for growth in new segments. The company is already in advanced planning with carbon capture and storage projects that leverage Enbridge's assets and expertise to help companies like power producers, cement producers, and oil and gas producers hit their net-zero goals.

The bottom line on TFSA passive income

Retirees can use the TFSA to generate income that won't put their OAS at risk of a clawback or bump them into a higher tax bracket. Enbridge is a good example of a dividend stocks that offers high yield and a growing payout that should be very safe.

The TSX Index is home to many top dividend stocks that now look attractive after the recent market pullback.

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