



2 Reliable High-Yield Stocks for TFSA Passive Income

Description

Retirees and other [TFSA](#) investors are searching for top dividend stocks that generate attractive passive income to help offset the impact of high inflation.

TC Energy

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)) just reported steady Q1 2022 results. The company generated comparable earnings that essentially matched the same period last year. Natural gas transmission is the largest part of the business, but TC Energy also owns oil pipelines and power-generation assets.

TC Energy has a \$25 billion secured capital program on the go and expects to put \$5 billion in new assets into operation annually for several years. All of the secured capital projects are supported by long-term contracts or regulated revenue streams, so they should deliver cash flow as anticipated.

The stock price is down a bit on the Q1 news, likely due to a \$2 billion increase in expected capital outlays in 2022 as a result of higher construction costs. In addition, TC Energy is still in dispute with LNG Canada about sharing rising costs on the Coastal GasLink project that will connect natural gas producers to the LNG facility in British Columbia. TC Energy doesn't expect the dispute to disrupt construction and extra funding it is providing to build the pipeline should get recovered through fees once the project goes into service.

TC Energy pays a quarterly dividend of \$0.90 per share. The company raised the payout in each of the past 22 years and is targeting annual distribution growth of 3-5%.

At the time of writing, the stock provides a yield of 5.25%.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is another leading energy infrastructure player in the North American market. Oil pipelines make up the largest part of the business. Enbridge transports 30% of

the oil produced in Canada and the United States. It also owns the largest American oil export terminal by volume. The company bought the platform and related pipeline infrastructure late last year. The timing appears to have been good, as global oil demand is surging.

Enbridge also moves 20% of the natural gas that is used by American homes and businesses. In addition, its Canadian natural gas distribution utilities serve more than three million customers. Finally, Enbridge has a growing renewable energy division with solar, wind, and geothermal assets in operation or under construction.

Enbridge is benefitting from a rebound in throughput on its oil pipelines. The company is also getting into carbon capture and storage with plans to build hubs to help energy producers, power producers, and cement companies reduce emissions and hit their net-zero targets that are part of [ESG](#) goals.

Enbridge raised its dividend by 3% for 2022 and expects distributable cash flow to grow by 5-7% per year over the medium term. The board increased the payout in each of the past 27 years. Enbridge is also buying back up to \$1.5 billion in stock under and new share-repurchase program.

Investors who buy the stock at the time of writing can get a 6% dividend yield.

The bottom line on top stocks for TFSA passive income

TC Energy and Enbridge have great track records of dividend growth. The companies are leaders in their industry and should continue to increase their payouts at a steady pace. If you have some cash to put to work in a TFSA focused on passive income, these high-yield stocks deserve to be on your radar.

CATEGORY

1. Investing

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3. TSX:ENB (Enbridge Inc.)
4. TSX:TRP (TC Energy Corporation)

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