TFSA Passive Income: 2 Steady Dividend Stocks for Retirees

Description

Retirees want to get decent dividend income from their investments, but balancing high yield with low risk isn't easy. Fortunately, there are some top TSX dividend stocks that offer growing payouts and decent yields while providing reasonable stability when the market hits a rough patch.

Telus

Telus (TSX:T)(NYSE:TU) just reported solid Q1 2022 results. Mobile and fixed-line customer growth came in at 148,000 marking the best Q1 in the company's history on that metric.

Adjusted EBITDA increased 7% compared to Q1 2021 and adjusted net income increased 15.3%. Free cash flow rose 29.3% to $415 million.

Telus provided 2022 guidance for adjusted EBITDA growth of 8-10% compared to last year. Free cash flow is expected to be at least $1 billion.

Telus has a great track record of increasing its dividend twice per year for total annual gains of 7-10%. Management announced an extension of the dividend-growth target to at least 2025. That's solid guidance in the current environment and should put a floor under the stock during challenging market conditions.

Income investors who rely on steady dividend growth should feel comfortable holding Telus in their portfolios focused on passive income, even if the broader market extends its correction in the coming months.

At the time of writing, Telus trades near $31.30 per share and provides a 4.3% dividend yield.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) raised its dividend in each of the past 27 years, and steady increases should continue, supported by capital investments across the vast asset portfolio and by new acquisitions.

The company is a giant in the North American energy infrastructure sector. Enbridge is primarily an oil pipeline company, but it also has extensive natural gas pipelines, natural gas utility businesses, and renewable energy assets that include solar, wind, and geothermal sites.

Enbridge is positioned well to benefit from the anticipated growth in oil and liquified natural gas (LNG) exports in the coming years, as Europe and Asia seek out reliable supplies from Canada and the United States.

Enbridge purchased an oil export terminal in Texas late last year. The US$3 billion deal proved timely, as oil demand is soaring. The company is also investing in new projects across its natural gas and renewables groups and is exploring opportunities for carbon capture and storage hubs and hydrogen facilities.

Enbridge completed a significant restructuring before the pandemic that saw the company monetize roughly $8 billion in non-core assets. Management also streamlined the company structure by bringing four subsidiaries under the roof of the parent company. These initiatives ensured the balance sheet was in decent shape to ride out the pandemic.

The recovery in the energy sector bodes well for Enbridge and its shareholders in the coming years. At the time of writing, investors can pick up a 6.1% yield.

The bottom line

Telus and Enbridge are top players in their respective industries and have strong track records of dividend growth. The stocks offer attractive yields and should generate decent total returns as well as good income over the long run.

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aswalker