



## 2 Canadian Dividend Stars for TFSA Passive Income

### Description

Pensioners and other investors seeking tax-free passive income are using their TFSA to hold top high-yield Canadian dividend stocks. The recent market correction is giving savers a chance to buy good dividend stocks at [undervalued](#) prices.

### Sun Life

**Sun Life** ([TSX:SLF](#))([NYSE:SLF](#)) just reported solid Q1 2022 results, despite the impact of a COVID-19 resurgence across much of Asia and higher mortality and morbidity rates in the United States, also due to COVID-19.

Insurance sales came in at \$799 million compared to \$730 million in Q1 2021. Assets under management increased slightly. Sun Life remains well capitalized with a LICAT ratio of 143%. That is up from 141% at the end of Q1 2021.

Underlying net income across all the operations slipped a bit to \$843 million from \$850 million in the same period last year.

Despite the challenging pandemic conditions, Sun Life is positive about the future profitability of its operations. The board declared a 4.5% dividend increase, boosting the quarterly payout to \$0.69 per share.

At the current share price of \$61, the new dividend provides an annualized yield of 4.5%. Sun Life stock is down from the 2022 high around \$74. The share price looks oversold at this level, offering income investors a chance to get a great yield and a shot at some decent total returns when the share price recovers.

### Bank of Nova Scotia

**Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) trades for \$80 per share at the time of writing and offers

a 5% dividend yield. The stock is down from the 2022 high of \$95, giving investors a great opportunity to buy a top Canadian dividend stock at a discounted price.

Bank of Nova Scotia generated fiscal Q1 2022 adjusted net income of \$2.76 billion, or \$2.15 per share. That's up from \$1.88 per share in the same period last year. The bank continues to see improvements in the parts of its international business that took a hit during the worst of the pandemic.

Bank of Nova Scotia has built up a significant presence in Mexico, Peru, Chile, and Colombia. The four members of the Pacific Alliance trade bloc are home to 230 million people. As the middle class expands, Bank of Nova Scotia should see demand grow for loans and investment products.

Bank of Nova Scotia raised its dividend by 11% late last year. Analysts speculate another hike could be on the way when the fiscal Q2 results are announced. At the very least, investors should see a generous increase for 2023.

Bank of Nova Scotia recently increased the size of its share-buyback plan by 50% to 36 million. The company also spent \$1.3 billion to increase its stake in Scotiabank Chile to 99.8%.

Bank of Nova Scotia is sitting on excess cash it built up to ride out the pandemic. Additional deals could be on the way.

## The bottom line on top stocks to buy for passive income

Sun Life and Bank of Nova Scotia look cheap today for TFSA investors seeking reliable passive income. If you have some cash to put to work in a self-direct TFSA, these stocks deserve to be on your radar.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. TSX:BNS (Bank Of Nova Scotia)
3. TSX:SLF (Sun Life Financial Inc.)

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