



TFSA Passive Income: 2 Top TSX Stocks for Canadian Retirees

Description

Canadian pensioners are using their TFSA to generate tax-free passive income on hard-earned savings. The recent [market pullback](#) is giving retirees a chance to buy some top TSX dividend stocks at discounted prices.

Bank of Nova Scotia

Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#)) trades near \$80 per share at the time of writing. That's down from the 2022 high around \$95. Investors who buy the stock at the current price can pick up a solid 5% dividend yield and look forward to steady dividend increases in the coming years. The board raised the payout by 11% for fiscal 2022.

Bank of Nova Scotia is using the excess cash it built up during the pandemic to reward shareholders and make investments to drive future growth. The company recently increased the size of its share-buyback program by 50% to \$36 million shares. Bank of Nova Scotia also spent \$1.3 billion to increase its stake in Scotiabank Chile.

The bank spent billions of dollars over the past decade to build a significant presence in Mexico, Peru, Chile, and Colombia. This might seem like an odd strategy for a Canadian bank, but the four countries are members of the Pacific Alliance trade bloc that allows the free movement of capital, labour, and goods. Combined, the countries are home to more than 230 million people with bank services penetration way below the level seen in Canada. As the middle class expands in the region, Bank of Nova Scotia should benefit from rising demand for its products and services.

BNS stock appears [undervalued](#) at just 10 times trailing 12-month earnings.

Power Corp

Power Corp ([TSX:POW](#)) is a holding company with interests primarily focused on insurance and wealth management in Canada and the United States. The firm also has investments in Europe with

exposure to a number of the continent's top global firms. In addition, Power Corp has venture capital operations that seek out new businesses in emerging sectors that have the potential to generate significant value for the company over the long run.

The insurance and wealth management businesses include **Great-West Lifeco** and **IGM Financial**, which are home to well-known brands such as Canada Life, IG Wealth Management, and Mackenzie Investments. These businesses generate steady cash flow to support dividend payments. Power Corp also has a controlling interest in WealtheSimple.

The stock is down to \$35 from the 2022 high around \$44.50. Investors who buy Power Corp at the current level can pick up a 5.6% dividend yield. The company raised the dividend by 10.6% for 2022.

As of March 31, 2022, Power Corp calculated its net asset value to be just under \$50 per share. The current value of the subsidiaries is down a bit from that point due to the pullback in the broader market, but Power Corp still appears oversold right now.

The bottom line for TFSA passive income

Bank of Nova Scotia and Power Corp pay attractive dividends that should continue to grow in the coming years. If you have some cash to put to work in a TFSA focused on passive income, these stocks look undervalued today and deserve to be on your radar.

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2. Investing

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2. TSX:BNS (Bank Of Nova Scotia)
3. TSX:POW (Power Corporation of Canada)

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