



## Canadian Retirees: 2 Top TFSA Stocks for Tax-Free and Passive Retirement Income

### Description

The [Tax-Free Savings Account](#) (TFSA) has been a blessing for Canadians of all ages in achieving various financial goals. The tax-advantaged status of the account makes it ideal for use as an investment vehicle that you can use to grow your wealth without incurring income taxes.

Allocating a portion of your TFSA contribution room to high-quality dividend stocks can let you use it as a passive-income stream with tax-free dividend income.

The current market pullback might have worried many Canadian retirees depending on their investments to generate passive income for them. However, the decline across the board presents an opportunity for retirees with available contribution room in their TFSAs to buy top dividend stocks on the **TSX** for discounted prices and inflated dividend yields.

Today, I will discuss two dividend stocks you can add to your TFSA portfolio to lock in high-yielding returns and enjoy tax-free wealth growth through capital gains.

### Power Corp

**Power Corporation of Canada** ([TSX:POW](#)) is a \$21.57 billion market capitalization management and holding company with interests that lie primarily in the wealth management and insurance industries in the U.S. and Canada.

The company also invests in several top global firms located in European markets. Its venture capital operations look for burgeoning businesses across emerging sectors that can generate substantial long-term value for the company.

The company owns several high-quality businesses that generate steady and substantial cash flows. Businesses like Mackenzie Investments, Canada Life, and IG Wealth Management are a few of the names under its belt.

Power Corp stock can comfortably use the steady cash flows to fund its capital projects and dividend payouts. Power Corp stock trades for \$34.97 per share at writing, and it boasts a juicy but sustainable 5.66% dividend yield.

## Bank of Nova Scotia

**Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) is a \$96.64 billion market capitalization bank headquartered in Toronto. It is the third-largest Canadian financial institution by market capitalization and deposits. Scotiabank operates in one of the strongest banking sectors worldwide and boasts an extensive history of reliably paying its investors their shareholder dividends.

The company has spent billions of dollars on increasing its presence in Latin American countries, including Mexico, Peru, Chile, and Colombia. The move might appear to be an odd strategy. However, the Pacific Alliance trade bloc countries could provide significant long-term growth for the Canadian bank.

It comes as no surprise that it is a mainstay in many long-term investment portfolios. The current downturn in the stock market has led to a downturn in its valuation. Scotiabank stock trades for \$80.24 per share at writing, down by 15% from its February 2022 high. It boasts a juicy 5% dividend yield at its current levels that could make it an attractive investment for income-seeking investors for their TFSAs.

## Foolish takeaway

High-quality dividend stocks that pay shareholder dividends reliably can be valuable assets for Canadians to create a passive-income stream. If you have some cash that you can put to work, contribution room available in your TFSA, and the ability to weather short-term volatility, consider investing in Power Corp stock and Scotiabank stock.

### CATEGORY

1. Dividend Stocks
2. Investing

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

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