



Pensioners: 2 Top TSX Stocks for TFSA Passive Income

Description

Canadian retirees are searching for reliable dividend stocks to put in their self-directed TFSA portfolios. The recent pullback in the **TSX Index** is giving income investors a chance to buy some quality stocks at undervalued prices. Let's take a look at two that now offer above-average dividend yields.

IGM Financial

IGM Financial ([TSX:IGM](#)) is a wealth and asset management company that primarily provides Canadian individuals and households with investment and wealth-planning products and services. The subsidiaries include well-known names such as IG Wealth Management, Investment Planning Counsel, and Mackenzie Investments.

IGM Financial reported record net earnings of \$219.3 million in Q1 2022, up 8.5% from the same period last year. Net inflows hit \$2.5 billion compared to \$2.3 billion in Q1 2021. Assets under management and advisement rose 8% to \$268.3 billion.

These businesses generate steady fee income and should continue to perform well in the coming years amid an expected wave of wealth transition.

IGM Financial trades near \$38 per share right now compared to the 12-month high above \$51. Investors who buy at the current level can pick up a 5.9% dividend yield. The stock can be volatile when equity markets correct, but the distribution looks rock solid, and you get paid well to wait for the next rebound.

BCE

BCE ([TSX:BCE](#))([NYSE:BCE](#)) trades near \$68.50 per share at the time of writing. The stock was as high as \$74 last month, so investors have an opportunity to pick up this TSX dividend star on a nice pullback.

BCE is one of those stocks you can simply buy and sit on for decades. The company provides essential services and has the power to raise prices when it needs more cash to cover rising expenses. This is important in the current era of high inflation. Investors should seek top companies that can pass on rising costs to customers.

BCE is investing in new network infrastructure to meet growing broadband usage and remain leading-edge in the mobile segment. The company spent \$2 billion in 2021 on new 3,500 MHz spectrum that will be the foundation for the expansion of the [5G](#) network.

BCE expects to deliver decent revenue and earnings growth this year, while free cash flow growth is targeted at 2-10%. That should support a solid dividend increase for 2023. BCE raised the payout by 5% in 2022, extending its streak of annual payout hikes of at least 5% to 14 years.

This is a good defensive stock to own in a TFSA income fund. The share price isn't immune to market volatility, but BCE tends to hold up well when the overall market takes a big hit. Investors like the stock for its reliable and generous distributions and this helps put a floor under the share price in challenging times.

The bottom line on top stocks for passive income

IGM Financial and BCE pay solid dividends with high yields. The stocks look undervalued right now and should be solid picks for a self-directed TFSA focused on passive income.

CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:BCE (BCE Inc.)
3. TSX:IGM (IGM Financial Inc.)

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