



Retirees: 2 Solid Dividend Stocks to Buy Now for TFSA Passive Income

Description

Canadian pensioners are using their TFSA to hold top dividend stocks that can generate steady streams of tax-free income. The market correction in recent weeks is finally giving retirees a chance to buy good dividend stocks at [undervalued](#) prices.

Bank of Nova Scotia

Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#)) raised the dividend by 11% late last year and just announced another increase of three cents per share to the quarterly payout.

The bank's fiscal Q2 2022 results showed a continued rebound in the international division that primarily operates in Mexico, Peru, Chile, and Colombia. The four countries form the Pacific Alliance trade bloc and benefit from rising oil and base metals prices.

Bank of Nova Scotia reported fiscal Q2 net income of \$2.75 billion compared to \$2.45 billion in the same period last year. International banking earnings jumped nearly 50% to \$600 million. Adjusted net income in the Canadian banking operations rose 27% in the quarter on a year-over-year basis.

Despite the strong results, the stock is down from a 2022 high of \$95 to the current price around \$86, and that's up from the recent low close to \$80. At the current level, investors can pick up a solid 4.8% dividend yield and simply wait for the share price to drift higher.

BCE

BCE ([TSX:BCE](#))([NYSE:BCE](#)) trades near \$69 per share at the time of writing compared to the 2022 high of \$74. Investors who buy the stock at the current price can secure a 5.3% dividend yield.

BCE is a good stock to consider if you are searching for a defensive pick to ride out market turbulence. The communications company generates its revenue in Canada, so investors don't have to worry about geopolitical risks in other parts of the world. BCE also provides essential mobile and internet

services that people and businesses need regardless of the state of the economy. The company isn't immune to an economic downturn, as its media group found out during the past two years, but BCE should ride out challenging times better than high-yield stocks in other sectors.

BCE is investing the funds needed to protect its wide competitive moat. The company intends to connect another 900,000 clients to the fibre optic network in 2022. BCE is also ramping up the expansion of its [5G](#) network after spending \$2 billion last year to buy new 3,500 MHz spectrum.

BCE has a good track record of giving investors steady dividend growth. The board raised the payout by 5% for 2022 and annual gains in that range should be on the way over the medium term.

The bottom line on top stocks to buy for passive income

Bank of Nova Scotia and BCE are top TSX dividend stocks that should continue to increase their payouts in the coming years. The share prices appear undervalued right now, and the stocks offer above-average yields. If you have some cash to put to work in a TFSA focused on passive income, these stocks deserve to be on your radar.

CATEGORY

1. Dividend Stocks
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