Passive Income for Retirees: 2 Top Stocks to Buy for a TFSA Pension

Description

Canadian seniors and other dividend investors are using their TFSA to create a self-directed pension that generates steady streams of tax-free income. One popular strategy involves adding high-yield stocks that have solid track records of dividend growth.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is adjusting to changes in the energy industry. The infrastructure giant knows export opportunities will expand in the coming years, as global demand surges for reliable Canadian and U.S. oil and natural gas. Enbridge spent US$3 billion last year to acquire a strategic oil export facility and related assets in Texas. The company also recently announced plans to build new pipelines to deliver 1.5 billion cubic feet per day of natural gas to new LNG facilities in Louisiana on the U.S. Gulf Coast. The two projects should be in service in 2023 and 2024.

In new technology, Enbridge plans to build a low-carbon hydrogen and ammonia production and export facility in Texas. Global demand for hydrogen and ammonia are expected to rise in the coming years. Hydrogen and ammonia have zero carbon dioxide emissions at their point of use. New carbon capture infrastructure will sequester up to 95% of the carbon dioxide generated during the production of the products.

In Canada, Enbridge is advancing carbon capture and storage projects with cement and power companies.

The new revenue opportunities go well with the existing legacy oil and natural gas pipeline infrastructure that continues to play an essential role in the smooth operation of the Canadian and U.S. economies. Enbridge transports 30% of the oil produced in the two countries and moves 20% of the natural gas used in the United States. Enbridge also owns natural gas distribution utilities that generate steady revenue streams. In addition, Enbridge is growing its renewable energy group that includes solar, wind, and geothermal assets.

The board increased the dividend in each of the past 27 years. The current payout provides a yield of

5.9%.

BCE

BCE (TSX:BCE)(NYSE:BCE) has raised its dividend by at least 5% in each of the past 14 years. The Canadian communications leader has always been an anchor pick among income investors for its reliable and generous dividend. The business has changed considerably over the past two decades, with BCE pivoting successfully to capture new opportunities in mobile services and the emergence of broadband internet.

The addition of media assets including a television network, specialty channels, radio stations, sports teams and even a chain of retail outlets has created a powerful business that interacts with most Canadians in one form or another on a daily basis.

BCE continues to invest for future revenue growth. The company's fibre-to-the-premises project will connect another 900,000 homes and businesses with fibre optic lines in 2022. BCE is also expanding the 5G network.

The stock looks undervalued after the recent dip. Investors who buy now can pick up a solid 5.3% yield and simply wait for the next dividend increase.

The bottom line on top TSX stocks for passive income

Enbridge and BCE are industry leaders with generous dividends that 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.

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