2 Reliable TSX Dividend Stocks to Buy for TFSA Passive Income

Description

Market turbulence is expected to continue in the coming months. This has Canadian retirees searching for safe dividend stocks to buy for TFSA portfolios focused on passive income.

Telus

Telus (TSX:T)(NYSE:TU) has a track record of raising its dividend twice per year with average annual increases in the 7-10% range. Management recently updated the three-year outlook with new guidance that indicates the trend will continue through at least 2025. This is great news for income investors who are concerned the economy might hit a rough patch in the next couple of years due to rising interest rates and persistent inflation.

The company is also buying back up to $250 million in shares under a new share-repurchase program over the next 12 months.

Telus provides essential mobile and internet communication services to customers across Canada. The firm also has TV subscription services and a growing security business. People are increasingly concerned about monitoring their homes remotely, whether this is due to concerns about break-ins or potential damage from storms. Telus has the network infrastructure to provide homes and businesses with state-of-the-art security systems that are easily bundled with existing services.

Telus is completing its copper-to-fibre transition. This will free up capital in the coming years to support higher dividend payments. The company is still investing billions of dollars to expand its 5G network to drive new revenue growth.

Additional growth should come from Telus Health and Telus Agriculture. The two subsidiaries saw strong revenue expansion last year, and that is expected to continue.

Telus currently trades near $31.50 per share compared to the 2022 high above $34, so TFSA investors have a chance to pick up the stock on a dip and secure a 4.3% yield with steady dividend growth onthe horizon.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) gets 99% of its revenue from regulated assets. This means investors can feel pretty confident that the cash flow will be stable and predictable to support dividend payments regardless of the state of the economy.

Fortis owns and operates $58 billion in power generation, electric transmission, and natural gas distribution assets located in Canada, the United States, and the Caribbean. The company grows through strategic acquisitions and internal development projects. Fortis is currently working on a $20 billion capital program through 2026 that will drive revenue and cash flow growth as the rate base expands by more than $10 billion.

Management is evaluating a number of additional projects that would boost the growth outlook. The board currently intends to increase the dividend by an average of 6% per year through 2025. Investors who buy the stock at the current price near $62.50 can pick up a 3.4% yield.

The bottom line on top dividend stocks for passive income

Telus and Fortis don't offer the highest yields in the **TSX Index**, but the stocks are solid defensive picks, and the stable dividend-growth outlook is important to consider in the current economic environment. 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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