



Retirees: 2 Top Stocks With High Yields for Reliable Passive Income

Description

Stocks are starting to rebound off the recent correction, but dividend investors can still find companies to buy at cheap prices for a [TFSA](#) focused on passive income.

Bank of Nova Scotia

Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#)) caught a bit of a tailwind in the past week, and the stock is now back up to \$86 from the recent low around \$80 per share, but it is still well off the 2022 high of \$95.

The bank reported solid fiscal Q2 2022 results that show the international business is recovering well from the big hit it took during the pandemic. Bank of Nova Scotia has large operations in Mexico, Peru, Chile, and Colombia. The four members of the Pacific Alliance trade bloc are benefitting from the strong rally in oil and copper prices due to their heavy reliance on the commodities for revenue. The recovery in the economies will benefit the financial sector, and Bank of Nova Scotia is already seeing the results. The international group generated net income of \$600 million in the most recent quarter — up nearly 50% from fiscal Q2 2021.

Bank of Nova Scotia raised the dividend by 11% late last year and just increased the payout by another 3%. The new quarterly distribution of \$1.03 per share provides an annualized yield of 4.8%.

The stock still looks [undervalued](#), and more dividend growth should be on the way for 2023. Bank of Nova Scotia is also returning cash to shareholders through share buybacks. The company increased the size of the current buyback program by 50% to 36 million shares.

BCE

BCE ([TSX:BCE](#))([NYSE:BCE](#)) trades near \$69 per share at the time of writing. That's down from the 2022 high around \$74, giving income investors a good opportunity to buy the telecommunications leader on a decent dip and pick up a solid 5.3% dividend yield.

BCE has been an anchor position in retiree portfolios for decades. The business looks a lot different today that it did 30 years ago, but BCE remains a top income stock for all the same reasons investors have always owned the shares. BCE enjoys a wide competitive moat that it can defend with investment in new network upgrades. The company is running fibre optic lines directly to the premises of its customers and is also spending billions of dollars to build its [5G](#) network. These initiatives provide opportunities to boost revenue from existing and new subscribers while ensuring BCE remains at the top of its game.

BCE provides essential services that people and businesses require in all economic situations. Nobody is going to cancel their internet or mobile service when times get tough. Even with the TV subscriptions, most people will cut other discretionary spending before giving up their entertainment.

BCE has the power to raise prices when its expenses increase. This is important in the current era of high inflation.

The stock looks attractive right now, and investors should see steady dividend increases continue in the 5% range every year.

The bottom line on top stocks for passive income

Bank of Nova Scotia and BCE are top TSX dividend stocks with attractive dividends that should steadily increase with rising revenue and higher profits. If you have some cash to put to work in a TFSA focused on passive income, these stocks appear attractive today.

CATEGORY

1. Dividend Stocks
2. Investing

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2. NYSE:BNS (The Bank of Nova Scotia)
3. TSX:BCE (BCE Inc.)
4. TSX:BNS (Bank Of Nova Scotia)

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