TFSA Passive Income: 2 Top TSX Dividend Stocks to Own for the Next 20 Years

Description

Retirees and other investors seeking reliable tax-free income are wondering which stocks are good to buy right now for a self-directed TFSA portfolio. Rising interest rates could trigger a recession in the next couple of years, so it makes sense to look for stocks that have reliable revenue streams and pay growing dividends.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) owns 10 utility businesses spread out across Canada, the United States, and the Caribbean. The portfolio includes $58 billion in assets, of which 99% are regulated. This means the revenue tends to be predictable and reliable due to the government controls.

Regulated electric businesses make up 82% of the assets. Natural gas utilities compose 17%. Fortis also has non-regulated energy infrastructure that rounds out the last 1% of the asset base.

The subsidiaries provide essential electric services to 2.1 million customers while the natural gas utilities provide 1.3 million homes and businesses with fuel. Companies and families need to turn on the lights, heat and cool the building and maintain a steady source of hot water in all economic situations.

Fortis intends to raise the dividend by an average rate of 6% per year through at least 2025. The board increased the payout in each of the past 48 years, so the guidance should be solid. Fortis has a $20 billion capital program in place through 2025 that will drive revenue and cash flow growth to support the higher dividend payments.

Fortis also has a strong track record of making strategic acquisitions. The business has grown from $390 million in assets in 1987 to the current size as a result of some large and successful takeovers.

The stock trades near $62.50 per share at the time of writing and provides a 3.4% yield. Fortis is up 3% in 2022 compared to a 4.5% drop in the **TSX Index**.

Telus

Telus (TSX:T)(NYSE:TU) is another company that provides services that people and businesses need in both good and bad economic times. The communications firm offers internet, mobile, and TV subscriptions across Canada that are delivered via world-class wireline and wireless network infrastructure.

Telus spends billions of dollars every year to upgrade its network to ensure its clients have the broadband capacity they need. A program to replace copper lines with fibre optic connections is expected to wrap up by the end of this year. That should free up more capital in 2023 and beyond to support dividend growth.

Telus is still investing billions in its 5G expansion. The next generation of the wireless segment offers new revenue opportunities for Telus. Management spent $1.9 billion at a government auction in 2021 to secure 3,500 MHz spectrum that will serve as the foundation for the expansion of the 5G network.

Telus plans to raise the dividend by 7-10% per year through at least 2025. The board typically increases the payout two times per year. The stock is up 2% year to date, and that's after the recent pullback from $34 to the current price near $30.50. Telus appears undervalued here and offers an attractive 4.4% dividend yield.

The bottom line on top defensive dividend stocks to buy now for passive income

Fortis and Telus are not immune to economic downturns, but the revenue streams should hold up well during tough times, and the solid dividend-growth guidance provides comfort for investors when the market hits a rough patch. 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
2. Investing

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. NYSE:TU (TELUS)
3. TSX:FTS (Fortis Inc.)
4. TSX:T (TELUS)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn

4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. aswalker
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date
2025/08/29
Date Created
2022/06/19
Author
aswalker