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

### Description

The market correction is giving retirees and other TFSA investors a chance to buy top TSX dividend stocks at undervalued prices for a portfolio focused on passive income.



## Telus

**Telus** (TSX:T)(NYSE:TU) trades for $29 per share at the time of writing compared to more than $34 in April. Investors who buy the shares at the current level can pick up a 4.65% dividend yield and wait for the distribution to increase over the coming years.

Telus intends to raise the dividend by 7-10% annually through at least 2025. The board typically hikes the payout twice per year. Investors seeking predictable dividend growth should consider this stock in the current environment where economic uncertainty remains a major concern. Telus provides essential internet and mobile services to Canadian businesses and households. Customers are unlikely to cut these subscriptions during a recession.

Telus is wrapping up its copper-to-fibre transition and continues to expand its 5G network. These initiatives help protect the company's competitive position and should drive steady revenue growth over the medium term.

Telus is also investing in its subsidiaries focused on digital disruption. Telus Health is already a major player in the Canadian digital health sector providing services to healthcare professionals, hospitals, and insurance companies. The business is about to get a lot bigger once Telus completes the recently announced acquisition of **LifeWorks**, a leading provider of health solutions for employer-based benefits programs.

Telus stock looked undervalued even before the LifeWorks announcement. The share price might not fully reflect the growth potential of the non-core businesses.

## Suncor

**Suncor** (TSX:SU)(NYSE:SU) trades for $47 per share at the time of writing. That's up from the recent low around $43 but still well off the 2022 high around $53.50. At the current price, TFSA income investors can pick up a 4% yield and wait for the net big increase in the payout.

Suncor raised the dividend by 100% last fall and the board increased it again by 12% when Suncor announced the Q1 2022 results. The rebound in the price of oil is generating a gusher of profits for Suncor's oil sands operations that enjoy low production costs and vast resources that can sustain output for decades.

Oil demand continues to rebound from the pandemic crash and is expected to remain strong, as air travelers and commuters return to 2019 habits. The resulting increase in fuel demand has refineries running at full capacity and the industry scrambling to fill the gap.

A lack of investment by oil producers over the past two years means supply will be limited for some time. Producers are also more focused on paying down debt and returning profits to shareholders than channeling excess cash to capital projects. This strategy shift will delay the expansion of production and could keep oil prices higher for longer.



At the current WTI price of US$111 per barrel, Suncor is a profit machine. The downstream refining and retails businesses are also performing well. The stock looks undervalued right now and could catch a new tailwind once management releases the Q2 2022 results.

## The bottom line on top stocks to buy for passive income

Telus and Suncor look cheap today and pay attractive dividends that should continue to grow at a steady pace. 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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