
# TFSA Passive Income: 1 Stock to Buy on the Correction Pullback

### Description

TFSA (Tax-Free Savings Account) investors are likely feeling defeated after yet another month of relentless selling over fears that the world economy could tilt into a recession. While a rate-hike-induced recession is still not guaranteed, it seems like everybody is bracing themselves for a bear-case outcome, as central banks try to put that dreaded inflation genie back in the bottle. Undoubtedly, inflation may not go down willingly, and it could take considerable economic pain before reaching some pre-pandemic equilibrium.



Indeed, the side effect of 2020 lockdowns is still haunting investors today. And it's unclear as to what the full extent of the penalties of excess stimulus will be as we inch closer to a potential consumer recession.

## Time to start bargain hunting with your TFSA

Though your TFSA fund may be down anywhere from 10% to 30%, investors should stay the course. And, if possible, do a bit more buying now that valuations are lower. Savvy investors view bear markets and market corrections as a chance to top-up retirement portfolios for the long run. Better prices and higher dividend yields should have passive-income investors excited at the thought of getting more for their money.

Amid the selling chaos, yields have crept higher across the board. Whether we're talking about blue-chip behemoths like **BCE** (TSX:BCE)(NYSE:BCE), REITs, or bonds, yields have surged as share prices tumbled. Though TFSA income investors may be looking to hide from the volatility surge, I'd argue that embracing it could be the right course of action in the grander scheme of things.

Inflation is at a 40-year high, so rushing out of securities into cash will not be a rewarding proposition. With higher yields and prices considerably lower, it makes more sense to rotate a bit of cash into "risky" assets today. In times of stagflation, think of preserving purchasing power rather than dollar amounts.

At writing, I'm a fan of BCE, a top telecom titan with a strong dividend to help your TFSA beat inflation, stagflation, or a recession.

## BCE stock: A colossal dividend yield that could swell further

The odds of a recession seem to be 50/50 at this juncture. Though telecom firms don’t fare as well when consumer spending falls off a cliff (many will cut those pricey 5G plans), their rich yields are more than enough to satisfy investors. Further, their payouts tend to be quite resilient through harsh times.

At writing, BCE stock trades at 19.45 times trailing earnings, with a 5.83% dividend yield. The recent 15% plunge may be just the start if we are headed for a structural economic downturn. During the 2008 recession, BCE got cut in half.

Though the next downturn or slowdown is unlikely to accompany such a haircut, I think TFSA income investors should be ready to average down over time. BCE stock looks cheap today, but nothing stops it from getting cheaper, as the macro outlook fades further. That’s why it’s wise to keep some dry powder on the sidelines, so you can keep nibbling into BCE all the way down.

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