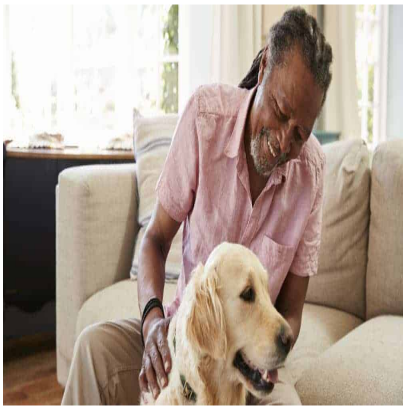

TFSA Wealth: 2 Top TSX Dividend Stocks for Retirees

Description

The pullback in the **TSX Index** is giving Canadian pensioners a chance to buy top TSX dividend stocks at undervalued prices for TFSA portfolios focused on generating attractive and growing tax-fee income.

BCE

BCE (TSX:BCE)(NYSE:BCE) has a long history of being a top income stock for retirees to buy and hold for years. The business has changed dramatically in the past two decades, but BCE remains an attractive pick for a portfolio focuses on passive income.

BCE successfully transitioned from being a wireline telephone company to a mobile, internet, and media powerhouse serving all aspects of the Canadian market. BCE's reach is so widespread across the country that every time a person in Canada makes a phone call, sends a text, checks e-mail, streams a movie, listens to the radio, or watches the news, there is a good chance that a BCE asset is involved directly or indirectly in some form.

BCE continues to invest in network upgrades to ensure it protects its competitive advantage and provides customers with the broadband access they need for work and entertainment. The company will connect an additional 900,000 buildings with fibre optic lines this year and BCE is ramping up the expansion of the 5G mobile network. These capital programs set the businesses up for revenue growth in the coming years through new service subscriptions and upgraded communications packages.

BCE should see lucrative roaming fees rebound in the second half of 2022, as more people travel for work and holidays. The recovery in ad spending across the media businesses should also continue.

BCE is targeting free cash flow growth of 2-10% for 2022. This should support another decent dividend increase for next year. BCE stock looks undervalued at the current price near $63.50. Investors can now pick up a solid 5.8% dividend yield.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) raised its dividend in each of the past 48 years and intends to increase the distribution by an average of 6% per year through at least 2025. This is great guidance in an uncertain economic environment, and it is the main reason Fortis deserves to be a top income pick.

Fortis gets 99% of its revenue from regulated assets. This means cash flow tends to be reliable and predictable. Management makes investment decisions based on the stability of the revenue stream with growth coming from a combination of acquisitions and development projects. The current $20 billion capital program will boost the rate base by about a third through 2026, providing the cash flow to cover the planned dividend increases.

Fortis stock offers a 3.6% yield at the time of writing. Income investors might think this isn't high enough, but the steady dividend growth quickly makes up for the lower initial return.

The bottom line on top stocks for TFSA passive income

BCE and Fortis pay attractive dividends that should continue to grow in the coming years. The stocks look attractive at current levels and deserve to be on your radar today for a diversified TFSA portfolio designed to generate growing passive income.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:FTS (Fortis Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:FTS (Fortis Inc.)

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