2 Passive-Income Stocks to Stash in a TFSA

Description

Passive-income stocks can be tricky to own in the face of a recession. Not all dividends or distributions were built to last. As economic pressures weigh heavily on operating cash flow streams, we could witness certain firms trim away at their dividend commitments.

Undoubtedly, a dividend reduction is the greatest insult to a passive-income investor. Not only do investors get less quarterly income, but big cuts tend to cause even more selling pressure, as dividend investors move on to get their passive-income payments from other, more sustainable sources.

Passive-income stocks perfect for a TFSA

While the coming recession is likely to be short-lived and mild, according to pundits, investors must still evaluate how a firm's cash flows will be impacted. There will surely be dividend cuts delivered over the next year or so. That's why investors should not chase high yielders blindly on the way down.

Instead, focus on secure payouts and firms that can bounce back once the time comes for the next expansionary cycle.

Currently, **Enbridge** (TSX:ENB)(NYSE:ENB) and **BCE** (TSX:BCE)(NYSE:BCE) are standout dividend stocks that could see their yields swell towards 7% should the selling pressure intensify over the coming months. Even with a yield at such heights, I believe both firms will keep their payouts intact.

Enbridge

Enbridge has been through the most horrid of environments before. Thanks to its generous managers, the company was able to keep its payout alive. Now that energy prices are through the roof, Enbridge finds itself sustaining a rally for a change. Even as oil slips, it's hard to imagine a scenario that sees the pipeline giant bringing the axe to its dividend payout.

The firm's operating cash flow stream will hold steady with domestic energy demand to remain robust through the coming slowdown. At writing, the stock yields 6.3%, with a 18.9 times trailing earnings multiple. I view the payout as secure and ready to grow, even as economic storm clouds move in.

BCE

BCE is another dividend grower with a dividend that's able to survive a rough recession. Down 14% from its all-time high to around $63 and change per share, the telecom behemoth is struggling to find its feet, as investors weigh the impact of a recession.

Sure, device upgrades and pricey wireless plans will take a hit, as the consumer balance sheet gets stressed. However, BCE is one of many firms that can dodge and weave past a coming period of weakness. With a 5.8% yield and a 19.6 times trailing earnings multiple, BCE stock is starting to become an affordable option for passive-income seekers.

Though dividend growth could slow in the face of tough economic conditions, the ensuing recovery could bode very well for those who stand by the name.

The Foolish bottom line

BCE and Enbridge are dividend heavyweights that will make it through a coming Canadian recession, likely with their payouts intact. Though shares could continue to weigh alongside other TSX stocks, I'd argue that any such dips are opportunities to get a bit more yield for a slightly lower price of admission.

CATEGORY

1. Investing

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2. NYSE:ENB (Enbridge Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:ENB (Enbridge Inc.)

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Date
2025/08/24
Date Created
2022/07/11
Author
joefrenette