# Passive Income: 3 Top TSX Dividend Stocks to Buy for a TFSA

### Description

The 2022 market pullback is giving retirees and other TFSA investors an opportunity to buy top TSX dividend stocks at undervalued prices for portfolios focused on passive income.



## Bank of Montreal

**Bank of Montreal** (TSX:BMO)(NYSE:BMO) raised its dividend by 25% late last year and gave investors another 4.5% increase when the company announced the fiscal Q2 2022 earnings. This extends Bank of Montreal's streak of providing investors with a slice of the profits every year for nearly two centuries.

Bank of Montreal is in the process of buying **Bank of the West** for US$16.3 billion. The deal will make the American business, BMO Harris Bank, much larger by adding more than 500 branches and will give the company a strong presence in California.

Bank of Montreal trades near $126 per share at the time of writing and provides investors with a 4.4% dividend yield. The stock was as high as $154 earlier this year, so there is decent upside potential when the banking sector rebounds.

## BCE

**BCE** (TSX:BCE)(NYSE:BCE) trades near $63.50 per share at the time of writing compared to the 2022 high of $74. The pullback looks overdone, and investors can now get a solid 5.8% dividend yield.

BCE is an attractive stock for income investors in a challenging economic environment. The company provides essential mobile and internet services that households and businesses will use regardless of the state of the economy. In addition, BCE has the power to increase prices, as its costs rise due to inflation.

BCE is investing billions of dollars to upgrade its networks to ensure customers have access to the high-speed broadband they need for work and entertainment. The company expects to run fibre optic lines directly to the premises of 900,000 customers this year and is expanding the 5G mobile network. These capital programs are expensive, but they help protect BCE's competitive position and provide opportunities for future revenue growth.

BCE raised the dividend by 5% for 2022 and expects free cash flow to increase by 2-10% this year.

## Suncor

**Suncor** (TSX:SU)(NYSE:SU) trades for $42 per share at the time of writing compared to $53 early last month. Despite the drop, the shares are up 28% for the year, but they look undervalued right now with WTI oil above US$100 per barrel and a rebound in fuel demand providing a boost to the downstream refining and retail operations.

Suncor has underperformed its oil sands peers during the rebound in the energy sector. Safety issues at the facilities and the decision in 2020 to cut the dividend put the stock in the doghouse. An activist investor is now pushing for change, and Suncor's CEO just quit.

The operational challenges will get sorted out and Suncor is already rebuilding the dividend. The board raised the payout by 100% late last year and gave investors another 12% increase when Suncor announced the Q1 2022 results.



Investors who buy Suncor stock at the current price can get a 4.4% dividend yield and wait for the next payout increase.

## The bottom line on top stocks for passive income

Bank of Montreal, BCE, and Suncor pay attractive and growing dividends. The stocks look undervalued right now and deserve to be on your radar for a TFSA portfolio focused on passive income.

**CATEGORY**

1. Dividend Stocks
2. Investing

**TICKERS GLOBAL**

1. NYSE:BCE (BCE Inc.)
2. NYSE:BMO (Bank of Montreal)
3. NYSE:SU (Suncor Energy Inc.)
4. TSX:BCE (BCE Inc.)
5. TSX:BMO (Bank Of Montreal)
6. TSX:SU (Suncor Energy Inc.)

**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**
2025/08/22
**Date Created**
2022/07/16
**Author**
aswalker