



## TFSA Passive Income: 2 Top TSX Dividend Stocks to Buy Now for 6% Yields

### Description

Retirees and other investors seeking reliable high-yield income finally have a chance to buy top TSX dividend stocks at [undervalued](#) prices for their TFSA portfolios.

### Great-West Lifeco

**Great-West Lifeco** ([TSX:GWO](#)) owns a portfolio of insurance, wealth management, and asset management businesses with operations in Canada, the United States, and Europe.

The Canadian business primarily operates under the Canada Life brand. In the United States, the businesses are Empower, the insurance group, and Putnam Investments. Irish Life rounds out the asset portfolio.

Despite a tough start to 2022 across the entire insurance industry, Great-West Lifeco still managed to deliver a 9% increase in Q1 net earnings. The Q2 results will likely show weakness in the wealth and asset management groups due to the decline in equity markets, but the insurance businesses should see reduced COVID-19 morbidity and mortality claims.

Looking ahead, rising interest rates should drive up returns on cash positions. This can have a meaningful impact on the bottom line and the market might not fully appreciate the potential gains.

Great-West Lifeco raised the dividend by 12% late last year. Another generous increase could be on the way for 2023. The stock looks undervalued at the current price near \$31.75. GWO stock was \$41.50 earlier this year. Investors who buy now can pick up a solid 6.2% dividend yield.

### Russel Metals

**Russel Metals (TSX:RUS)** trades near \$25 per share at the time writing and offers investors a 6% dividend yield. The stock is down from the 12-month high of \$37.50, giving investors a chance to buy on a meaningful dip and get a shot at some decent upside when the steel market rebounds.

Russel Metals operates steel distribution centres, metals service centres, and a group that provides products to the energy sector in Canada and the United States. The steel market is a complicated industry with fluctuations in commodity prices, currency exchanges, and tariffs all impacting the business. Russel Metals does a good job at navigating the complexities and continues to grow through strategic acquisitions.

The company generated solid Q1 2022 results. Net earnings came in at \$98.7 million, or \$1.56 per share compared to \$80.6 million, or \$1.29 per share in the same period in 2021.

Management kept the distribution steady through past downturns, so investors who buy the stock for the dividend should feel comfortable owning Russel Metals at this level and can add to the position if the share price drops.

The recent pullback appears more connected to recession fears than to the business performance. Volatility should be expected, but if Q2 2022 results come in stronger than expected, the stock could get a nice lift and move back above \$30.

## The bottom line on top stocks for passive income

Great-West Lifeco and Russel Metals might not be high-profile names, but the businesses pay attractive dividends with high yields and currently trade at discounted prices. If you have some cash to put to work in a TFSA portfolio focused on passive income, these stocks deserve to be on your radar.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:GWO (Great-West Lifeco Inc.)
2. TSX:RUS (Russel Metals)

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