



4 of the Best Dividend Stocks for TFSA Passive Income

Description

Market selloffs are great opportunities for passive-income investors to load up their Tax-Free Savings Accounts ([TFSAs](#)). Dividend stocks go down, but their yield on cost goes up. That means you can earn more income for the dollar you pay. If you are looking for passive income, here are four top [dividend stocks](#) for you TFSA.

Royal Bank: A long-term passive-income leader

Banks are facing pressure over worries about an incoming recession. Even a top bank stock like **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) has pulled back by nearly 13% in the past six months. Right now, its dividend is elevated at 4.14%. That is over its five-year average of 3.8%. Likewise, its price-to-earnings ratio is only 10.9 — well below its five-year average of 11.7.

If you can look past the recession concerns, Royal Bank has been a top-performing bank stock for income and capital returns. Royal Bank has grown its dividend by around 8% annually for the past decade.

It is diversified by operation and geographic exposure. If you are looking for passive income in your TFSA, get this top stock with an elevated yield and attractive valuation today.

Enbridge: An elevated yield

If you are looking for a TFSA stock that has held up well in 2022, **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) is one to consider. Despite a 14.6% climb up this year, it still trades with an attractive 6.2% dividend yield.

Considering how important energy security has become, Enbridge looks well positioned as a top transporter and exporter of North American energy. While Enbridge has a lot of debt (something to monitor), its cash flow streams are supported by its highly contracted/regulated operations.

Its network is crucial to the North American economy, and that ensures a strong competitive moat.

While it already has an attractive dividend rate, investors are likely to enjoy future 3-5% annual dividend growth as well.

Brookfield Infrastructure: A top defensive stock

Another great long-term passive-income stock for your TFSA is **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)). If you could hold only one dividend stock for your TFSA, this would be it. It is diversified by assets, geography, and counterparties. It operates everything from cell towers and data centres to midstream plants, railroads, pipelines, and export terminals.

I would not call this stock cheap. However, it is down around 3% this year. It is trading with an attractive 3.7% dividend yield. BIP is a dividend-growth legend. For the past 10 years, Brookfield Infrastructure has grown its annual dividend by around 10.5%.

For a diversified, defensive business with a growing stream of passive income, it is hard to find a better stock to own for years.

TELUS: Passive income and growth

TELUS ([TSX:T](#))([NYSE:TU](#)) is another favourite TFSA stock for defensive passive income. We all need cellular and internet coverage in our modern world. TELUS provides a wide array of [bundled services](#), and it has been an industry leader in customer additions for years.

Right now, TELUS is investing heavily in fibre optic infrastructure and 5G spectrum. These investments are about to finish, and TELUS expects to earn an elevated amount of spare cash in the coming few years. Today, this passive-income stock earns a 4.7% yield.

However, TELUS is targeting 7-10% annual dividend growth for the next coming years. Its stock is down 3% this year. For passive income and solid growth going forward, TELUS is an attractive TFSA stock.

CATEGORY

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TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:RY (Royal Bank of Canada)
4. NYSE:TU (TELUS)
5. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
6. TSX:ENB (Enbridge Inc.)
7. TSX:RY (Royal Bank of Canada)
8. TSX:T (TELUS)

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Author

robbybrown

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