



Retirees: 2 Cheap Canadian Dividend Stocks to Buy Now for TFSA Passive Income

Description

The [market pullback](#) is giving retirees a chance to buy top TSX dividend stocks at cheap prices to generate tax-free passive income in a [TFSA](#) portfolio.

Canadian Natural Resources

Canadian Natural Resources ([TSX:CNQ](#))([NYSE:CNQ](#)) just reported strong second-quarter (Q2) 2022 results. The oil and natural gas producer generated net earnings of \$3.5 billion compared to \$1.55 billion in the same period last year. For the first six months of 2022, net earnings hit \$6.6 billion, up from \$2.9 billion in the first half of 2021.

Free cash flow came in at \$3.3 billion in the quarter after covering dividends and capital expenditures. Net debt fell \$1.4 billion in Q2 to \$12.4 billion. CNRL has a policy in place that allocates 50% of free cash flow to share buybacks and the other 50% to debt reduction or cash for investments. Once net debt drops to \$8 billion, the company will direct more free cash flow to shareholders.

The board is already moving in the direction. CNRL announced a special dividend of \$1.50 per share, which is payable on August 31. This is in addition to the normal quarterly payment of \$0.75 per share. CNRL raised the base dividend by 28% earlier this year, extending the annual dividend-growth streak to 22 years.

The stock appears undervalued at the current price near \$66.50 per share. Investors get a 4.5% dividend yield at this level, plus the bonus dividends that should continue given the anticipated strong price environment for oil and natural gas.

BCE

BCE ([TSX:BCE](#))([NYSE:BCE](#)) trades near \$63.50 per share at the time of writing compared to the 2022 high around \$74. Canada's largest communications provider just reported strong Q2 2022 results and

is on track to meet its financial targets for the year.

BCE's adjusted net earnings increased to \$791 million, or \$0.87 per share, up 4.8% compared to Q2 2021. Residential internet revenue grew 8% supported by a 28% increase in net subscriber activations. Total wireless operating revenue rose 5.5%, which was helped by the addition of nearly 111,000 new mobile accounts. BCE's media group also had a strong quarter, as the rebound off the pandemic hit continued to pick up momentum. Media operating revenue increased 8.7% compared to the second quarter of last year. Digital revenue stole the show, rising 55% on the back of strong subscriptions for the Crave streaming service.

BCE raised the dividend by 5% for 2022. Another increase in the same range is likely on the way in 2023. Management expects free cash flow to increase by 2-10% this year. The current quarterly distribution of \$0.92 per share provides an annualized yield of 5.8%.

BCE is a good defensive stock to buy for investors who are concerned that a recession could be on the way. The company provides essential mobile and internet services and has the power to raise prices.

The bottom line on top stocks to buy for passive income

CNRL and BCE are leaders in their industries and have long track records of dividend growth. The stocks look [undervalued](#) today and offer attractive dividend yields for a TFSA focused on generating passive income.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:CNQ (Canadian Natural Resources)
3. TSX:BCE (BCE Inc.)
4. TSX:CNQ (Canadian Natural Resources Limited)

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

2025/08/24

Date Created

2022/08/05

Author

aswalker

default watermark

default watermark