



2 Canadian Stocks to Buy With Dividends Yielding More Than 3%

Description

Tax-Free Savings Account (TFSA) and Registered Retirement Savings Plan (RRSP) investors are searching for top [TSX](#) dividend stocks with high yields to buy for portfolios focused on passive income or generating strong total returns. The pullback in the market over the past few months is giving [dividend investors](#) a chance to buy great stocks at [undervalued](#) prices.

TC Energy

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)) trades near \$62.50 at the time of writing compared to \$74 in early June. Investors who buy the dip can pick up a 5.75% dividend yield and wait for the stock to recover.

TC Energy is down due to rising costs on a major natural gas pipeline development. The company recently said the Coastal GasLink project will now cost \$11.2 billion. That's up 70% from the original budget due to COVID-19 delays, rising labour costs, and soaring material expenses. On the positive side, TC Energy has come to an agreement with LNG Canada on cost sharing for the project, which is now 70% complete and expected to go into commercial operation in 2024.

TC Energy also just announced the closing of a \$1.8 billion bought deal stock sale at \$63.50 per share. TC Energy is using the proceeds to fund the construction of a US\$4.5 billion pipeline in Mexico. The share issue will put pressure on the stock price until the underwriters sell the \$2.84 million shares they agreed to take. Right now, investors have a chance to buy TRP stock below the issue price.

TC Energy expects earnings before interest, taxes, depreciation, and amortization (EBITDA) to increase at a compound annual rate of 5% through 2026. This should support annual dividend growth of 3-5%. TC Energy raised the payout in each of the past 22 years.

TC Energy recently restarted its dividend-reinvestment plan (DRIP) that will provide investors with a 2% discount on shares purchased using the dividends.

Bank of Montreal

Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#)) trades near \$128.50 per share at the time of writing compared to the 2022 high around \$154. Investors can pick up a 4.3% dividend and look forward to generous payout hikes that should be on the way in 2023 and beyond. Bank of Montreal increased the dividend by 25% late last year and then raised the distribution by another 4.5% when the bank reported fiscal second-quarter (Q2) 2022 results.

Looking ahead, Bank of Montreal is in the process of buying **Bank of the West** for US\$16.3 billion in a deal that will add more than 500 branches to the American business that operates as BMO Harris Bank. Bank of Montreal has steadily built up a presence in the American market since the 1980s. The addition of Bank of the West will give Bank of Montreal a strong footprint in the California market. Bank of the West gets 70% of its deposits from clients in the state.

Bank of Montreal has paid a dividend every year since 1829.

The bottom line on top Canadian dividend stocks to buy now

TC Energy and Bank of Montreal are top TSX dividend stocks with attractive payouts that should continue to grow. If you have some cash to put to work in a TFSA or RRSP focused on dividends, these stocks deserve to be on your radar.

CATEGORY

1. Dividend Stocks
2. Investing

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2. NYSE:TRP (Tc Energy)
3. TSX:BMO (Bank Of Montreal)
4. TSX:TRP (TC Energy Corporation)

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