



TFSA Pension: 3 Top Canadian Dividend Stocks to Start a Self-Directed Retirement Portfolio

Description

[Canadian investors](#) now have as much as \$81,500 in [TFSA](#) contribution space. That's large enough for retirees to set up a meaningful tax-free fund for generating passive income and a lot of space for younger investors who want to use stocks to build portfolios for retirement.

Enbridge

Enbridge ([TSX:ENB](#)) ([NYSE:ENB](#)) has raised its dividend in each of the past 27 years. The current quarterly distribution of \$0.86 per share provides an annualized yield of 6.2%. ENB is a good stock to buy for retirees seeking passive income due to its high dividend yield, and for other investors who want to take advantage of the power of compounding by using the dividends to acquire new shares.

Enbridge continues to grow through acquisitions and internal projects. The company spent US\$3 billion last year to buy an oil export terminal and connected pipeline infrastructure in Texas. Enbridge recently announced plans to take a 30% stake in the \$5.1 billion Woodfibre liquified natural gas (LNG) plant in British Columbia scheduled for construction and completion by 2027. In addition, Enbridge is expanding its natural gas pipeline system in B.C. to serve producers who want to get their product to international buyers.

Overall, Enbridge has a \$13-billion capital program on the go. This should drive up distributable cash flow to support steady dividend increases in the coming years.

A \$10,000 investment in Enbridge 25 years ago would be worth nearly \$240,000 today with the dividends reinvested.

Royal Bank

Royal Bank ([TSX:RY](#)) ([NYSE:RY](#)) rarely goes on sale, but investors can now buy the financial giant on a pullback and simply sit back and wait for the dividend hikes to boost the return. RY stock trades

near \$128 per share at the time of writing compared to \$149 earlier this year.

The bank delivered a 6% gain on earnings in the first half of fiscal 2022 compared to the year-ago period and is on target to top \$16.1 billion in 2021 profits. Royal Bank raised the dividend by 11% late in 2021 and increased the payout by another 7% when it reported the fiscal Q2 2022 results.

Royal Bank is using the large cash hoard it built up during the pandemic to make acquisitions and buy back shares. The bank announced a \$2.6 billion wealth management deal in the UK that will make Royal Bank a top-three player in the wealth management segment in the United Kingdom and Ireland.

Investors who buy the stock today can get a 4% dividend yield.

A \$10,000 investment in Royal bank stock 25 years ago would be worth about \$200,000 today with the dividends reinvested.

BCE

BCE ([TSX:BCE](#)) ([NYSE:BCE](#)) is one of those stocks TFSA investors can simply buy now and forget about for decades. The company has a dominant position in the Canadian communications industry with a wide competitive moat it can protect through investments in network upgrades. BCE is investing \$5 billion this year to expand its [5G](#) network and connect another 900,000 client buildings with fibre optic lines.

BCE expects free cash flow to grow by 2-10% in 2022. The board typically increases the dividend about 5% per year. BCE stock looks cheap right now near \$65.50 per share and provides a 5.6% dividend yield.

A \$10,000 investment in BCE shares 25 years ago would be worth about \$200,000 today with the dividends reinvested.

The bottom line on top stocks to buy for passive income and total returns

Enbridge, Royal Bank, and BCE are industry leaders with attractive and growing dividends. If you have some cash to put to work in a TFSA focused on passive income and total returns these stocks deserve to be on your radar.

CATEGORY

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2. NYSE:ENB (Enbridge Inc.)
3. NYSE:RY (Royal Bank of Canada)

4. TSX:BCE (BCE Inc.)
5. TSX:ENB (Enbridge Inc.)
6. TSX:RY (Royal Bank of Canada)

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