



TFSA Passive Income: 2 Top TSX Dividend Stocks for New Retirees to Buy Now

Description

Retirees are using their [TFSAs](#) to generate reliable tax-free passive income that won't bump them into a higher tax bracket or put their Old Ages Security (OAS) pensions at risk of clawback.

The cumulative TFSA limit is now up to \$81,500. This is large enough to build a portfolio of great [dividend stocks](#) that offer attractive yields and growing payouts.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) has raised its dividend in each of the past 27 years. At the current share price near \$56, investors can lock in a solid 6% dividend yield.

Enbridge monetized \$8 billion in non-core assets in recent years and streamlined the business by bringing four previous subsidiaries under the umbrella of the parent company. These pre-pandemic efforts shored up the balance sheet and enabled Enbridge to maintain its dividend through the downturn.

Now that oil and natural gas demand is recovering and prices are at multi-year highs, Enbridge is in a good position to help its customers take advantage rising interest in North American energy. Enbridge purchased an oil export terminal in Texas last year for US\$3 billion. Enbridge is also building additional pipelines to carry natural gas to liquified natural gas (LNG) facilities on the U.S. Gulf Coast. Europe is seeking reliable LNG supplies from the U.S. and Canada in an effort to shift away from its reliance on Russia.

In Canada, Enbridge recently announced a deal to take a 30% stake in the \$5.1 billion Woodfibre LNG project in British Columbia. The facility is expected to go into service in 2027. In addition, Enbridge is expanding its natural gas pipeline network in the province.

Enbridge's oil pipelines move 30% of the oil produced in Canada and the United States. This makes the network strategically important for the smooth operation of the economies of the two countries. Enbridge's natural gas utilities and renewable energy assets round out the portfolio.

The current \$13 billion capital program should deliver steady revenue and cash flow expansion over the medium term. Enbridge's \$100 billion [market capitalization](#) gives it the financial clout to make additional acquisitions to drive future growth.

Enbridge is a good stock to buy if you want to benefit from the surge in oil and natural gas prices without taking on the risks associated with owning the energy producers.

Fortis

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) owns power generation, electricity transmission, and natural gas distribution businesses in Canada, the United States, and the Caribbean. The \$60 billion in assets provides a steady revenue stream that makes it easy for Fortis to predict cash flow. This enables the company to plan capital projects and project dividend growth well into the future.

Fortis has a \$20 billion capital program underway that will increase the rate base by about a third to more than \$41 billion by the end of 2026. The increase in cash flow is expected to support targeted average dividend increases of 6% per year through at least 2025. This is great guidance for investors seeking quality passive income for a TFSA portfolio. The board has raised the dividend in each of the past 48 years.

Fortis is a good stock to buy for investors who are concerned about a potential recession hitting Canada and the United States in 2023 or 2024. The company provides essential services, so an economic downturn shouldn't have a material impact on revenue.

The bottom line on top stocks for retirees to buy for passive income

Enbridge and Fortis have great track records of delivering dividend growth. If you have some cash to put to work in a TFSA focused on passive income, these stocks deserve to be on your radar.

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1. Dividend Stocks
2. Investing

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