



## 2 Top TSX Dividend Stocks to Buy for a Self-Directed TFSA or RRSP

### Description

Canadian savers are using their [Tax-Free Savings Account \(TFSA\)](#) and [Registered Retirement Savings Plan \(RRSP\)](#) to build portfolios of top [TSX](#) dividend stocks that can provide [retirement](#) income to complement company pensions, Old Age Security (OAS), and Canada Pension Plan (CCP) payments.

### TFSA and RRSP benefits

The TFSA contribution limit increased by \$6,000 in 2022, bringing the total maximum cumulative limit to \$81,500 per person. Contributions to the TFSA do not reduce taxable income, as they do with the RRSP contributions, but all income generated inside and removed from the TFSA is tax free. In addition, any funds withdrawn from the TFSA opens up new contribution space in the next calendar year.

RRSP contributions reduce taxable income for the relevant year. This makes the RRSP attractive for people in high marginal tax brackets. RRSP investments grow tax free inside the RRSP, but the funds are taxed as income when removed.

Ideally, Canadians will maximize both TFSA and RRSP contributions each year. Most people, however, do not have that luxury. Younger investors might want to put savings in a TFSA and keep RRSP contribution space available for when they can get a better tax benefit. People in the later stages of their careers tend to be in a higher marginal tax bracket and should consider contributing to the RRSP first, and then put extra funds in a TFSA.

Canadians have a number of options when it comes to investing TFSA and RRSP funds. [Guaranteed Investment Certificate](#) (GIC) rates are becoming more attractive as rates rise, but top high-yield dividend stocks still deserve to be on your radar for a TFSA or RRSP portfolio.

## Pembina Pipeline

**Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)) is a major player in the mid-stream segment of the energy infrastructure sector. The company has a 65-year history of providing oil and natural gas producers with transmission, logistics, gas gathering and gas processing services. In addition, Pembina Pipeline owns propane export facilities and is evaluating liquified natural gas (LNG) and carbon-capture opportunities to drive future revenue expansion.

Pembina Pipeline reported solid second-quarter (Q2) 2022 results and raised its financial guidance for the year. Earnings came in at \$418 million in the quarter compared to \$254 million in the same period last year. The board intends to raise the dividend by 3.6%, beginning with the October payout. Pembina Pipeline pays its dividend monthly, so the stock is good to buy for investors seeking steady passive income.

At the time of writing, the dividend provides a 5.2% yield.

## Telus

**Telus** ([TSX:T](#))([NYSE:TU](#)) is Canada's second-largest communications company with a current market capitalization near \$41 billion. The company provides mobile, internet, TV, and security services to Canadian clients across its wireless and wireline networks.

Telus accelerated its capital program in the past couple of years to speed up the transition of the wireline network from copper to fibre optic connections. In addition, Telus is expanding its [5G](#) network after spending \$1.9 billion in 2021 on new 3,500-megahertz spectrum at the government auction.

Management expects capital expenditures to drop considerably in 2023 and remain at an annual run rate of about \$2.5 billion. This should free up more cash for distribution to shareholders.

Telus typically raises the dividend twice per year and is targeting annual distribution hikes of 7-10% over the medium term. Investors who buy at the current share price near \$30 can get a 4.5% dividend yield.

Telus is a good stock to buy in the current environment of high inflation and economic uncertainty. The company has the power to raise prices when its costs increase. Telus provides essential mobile and internet services that people and businesses need regardless of the state of the economy.

## The bottom line on top stocks to buy for a TFSA or RRSP

Pembina Pipeline and Telus pay reliable dividends with attractive yields. If you have some cash to put to work in a self-directed TFSA or RRSP, these stocks deserve to be on your radar.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. NYSE:TU (TELUS)
3. TSX:PPL (Pembina Pipeline Corporation)
4. TSX:T (TELUS)

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