



TFSA Investors: 2 Great TSX Stocks to Buy for Passive Income

Description

Retirees and other Tax-Free Savings Account ([TFSA](#)) investors seeking reliable tax-free passive income have an opportunity to buy top TSX dividend stocks at [undervalued](#) prices.

TD Bank

TD ([TSX:TD](#))([NYSE:TD](#)) just reported fiscal third-quarter (Q3) 2022 results that show the bank is still performing well, despite the current economic challenges. TD delivered adjusted net income of \$3.81 billion for the quarter compared to \$3.63 billion for the same period last year. In the first nine months of fiscal 2022, TD generated \$11.36 billion in adjusted net income compared to \$10.78 billion in 2021, so the bank is on track to beat the results from last year.

TD raised the dividend by 13% near the end of 2021. The bank has a strong track record of dividend growth supported by rising revenue and higher profits. In fact, TD's compound annual dividend-growth rate is about 11% over the past 25 years.

This is expected to continue. TD built up significant excess cash over the past two years and is using the funds to make strategic acquisitions in the United States to drive future growth. TD is buying **First Horizon** for US\$13.4 billion in a deal that will make TD a top-six retail bank in the American market. TD is also purchasing **Cowen**, an investment bank, for US\$1.3 billion.

TD stock trades near \$85.50 at the time of writing compared to \$109 earlier this year. The current dividend provides a 4.1% yield.

BCE

BCE ([TSX:BCE](#))([NYSE:BCE](#)) is Canada's largest communications company with a current [market capitalization](#) near \$59 billion. The stock currently trades around \$64.50 compared to a high of \$74 it hit in April this year. BCE stock looks oversold right now and offers investors a solid 5.7% dividend yield.

The company reported solid Q2 2022 results driven by strong subscriber growth. BCE is attracting new mobile customers while also reducing turnover of existing postpaid mobile clients. Wireless operating revenue increased 5.5% in the quarter.

BCE's media business continued its recovery from the pandemic. The group's operating revenue increased 8.7% in Q2 compared to the same period last year. Of note, digital revenue jumped 55%, supported by Crave streaming subscriptions. Advertising expenditures also improved in the specialty TV sports and news services. In addition, BCE's radio stations are benefitting from higher ad demand.

Across the entire business, adjusted net earnings rose 5.3% compared to Q2 2021. Free cash flow increased 7.1%. BCE confirmed its 2022 financial guidance of adjusted earnings per share growth in the 2-7% range. Free cash flow growth is expected to be 2-10%. This should support a solid dividend increase for 2023.

BCE raised the dividend by 5% for 2022 and has increased the payout by at least that much annually for 14 years.

The bottom line on top stocks to buy for passive income

TD and BCE have strong track records of dividend growth that should continue in the coming years. If you have some cash to put to work in a TFSA focused on passive income, these stocks look cheap today and deserve to be on your radar.

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1. Dividend Stocks
2. Investing

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2. NYSE:TD (The Toronto-Dominion Bank)
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4. TSX:TD (The Toronto-Dominion Bank)

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Date

2025/08/19

Date Created

2022/09/03

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