



2 Top Canadian Dividend Stocks to Buy Now for a \$6,000 TFSA

Description

The [market correction](#) is giving [Tax-Free Savings Account](#) (TFSA) investors a chance to buy top [TSX](#) dividend stocks at discounted prices for portfolios focused on passive income and total returns. Investors who patiently waited for the market to drop are wondering which Canadian stocks are good to buy right now with their 2022 TFSA limit.

TD Bank

TD ([TSX:TD](#))([NYSE:TD](#)) trades for close to \$85.50 at the time of writing compared to \$109 at the 2022 peak. The significant drop is due to rising recession fears. Investors are worried that the combination of high inflation and soaring interest rates will reduce investment and drive up loan losses in 2023 and 2024.

In a worst-case scenario, a deep recession will occur with a sharp spike in unemployment. This, in turn, could trigger a panic selloff in the housing market. If house prices drop to the point where sellers owe more than the property is worth, the banks could be in for a rough ride.

That being said, economists broadly expect a recession to be short and mild. Households are still sitting on excess savings and the jobs market remains robust. Given the current outlook, TD stock looks oversold.

TD is investing heavily to position itself for future growth. The company announced two large acquisitions in the United States that will make TD a much bigger player south of the border. TD is buying **First Horizon**, a retail bank, for US\$13.4 billion. The deal will make TD a top-six bank in the U.S. market. TD is also spending US\$1.3 billion to acquire **Cowen**, an investment bank. The purchase will expand TD's capital markets operations.

TD is a good stock to buy for dividend growth. The board raised the dividend by 13% for fiscal 2022 and another generous increase should be on the way for fiscal 2023. The compound annual dividend-growth rate is about 11% over the past 25 years. Investors who buy TD stock at the current level can get a 4.1% dividend yield.

BCE

BCE ([TSX:BCE](#))([NYSE:BCE](#)) trades for close to \$63.50 at the time of writing. That's down from \$74 in April. Investors who buy at the current price can lock in a solid 5.8% dividend yield and simply wait for the annual dividend increases to boost the return on the investment.

BCE is a good stock to buy if you want to add a defensive position to the portfolio ahead of the potential recession. The company has the power to raise prices when its costs increase. This is important during the current era of high inflation. BCE also provides essential services that deliver a reliable revenue stream through challenging economic circumstances. Businesses and households won't cancel their mobile and internet services when times get tough.

BCE continues to invest in network upgrades to protect its wide competitive moat and drive revenue growth. The company is spending \$5 billion in 2022 on the rollout of its fibre-to-the-premises program that will directly run fibre optic lines to the buildings of another 900,000 customers. BCE is also expanding its [5G](#) mobile network.

The bottom line on top stocks to buy for a TFSA

TD and BCE pay attractive dividends that should continue to grow. If you have some cash to put to work in a self-directed TFSA, these stocks look cheap today and deserve to be on your radar.

CATEGORY

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

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