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

Description

The market pullback is giving Canadian pensioners a chance to buy great Canadian dividend stocks at cheap prices for Tax-Free Savings Account (TFSA) portfolios focused on generating passive income.

BCE

BCE (TSX:BCE)(NYSE:BCE) has been a favourite among retirees for decades, and the stock still looks like a top pick to buy for high-yield income. At the time of writing, BCE trades at $62.25 per share. That's down from $74 a few months ago. The dividend now provides a juicy 5.9% yield. That's higher than the best five-year Guaranteed Investment Certificate (GIC) rate you can get from the big Canadian banks, and BCE will likely continue to raise the dividend by about 5% annually.

Earnings rose 5.3% in the second quarter (Q2) compared to the same period last year and free cash flow jumped more than 7%. The board increased the distribution by 5% or more in each of the past 14 years.

BCE generates reliable revenue from its mobile and internet services. These should hold up well, even if the economy enters a recession next year. That being said, BCE isn't recession proof. The media business is susceptible to an economic downturn, as advertisers could trim marketing budgets to preserve cash flow.

Looking ahead, BCE is making the investments needed to drive revenue and profit growth. The company is spending $5 billion in 2022 on wireline and wireless projects. BCE is extending fibre optic lines to the premises of another 900,000 customers. In addition, BCE is ramping up the expansion of the 5G mobile network after investing $2 billion last year on new 3,500-megahertz spectrum licences.

These initiatives help protect the company's competitive position while opening the door for new services and upgraded data plans.

TC Energy

TC Energy (TSX:TRP)(NYSE:TRP) operates 93,000 km of natural gas pipelines in Canada, the United States, and Mexico. The company also has oil pipelines and power-generation facilities.

Natural gas has a bright future, and TC Energy is in a good position to benefit from rising domestic and international demand. The company's U.S. pipeline network connects the Marcellus and Utica shale plays to the U.S. Gulf Coast, where liquefied natural gas (LNG) facilities can ship the product to high-priced overseas markets. In 2022, the war in Ukraine has driven up demand for long-term supplies of LNG from American terminals, as European countries search for options to replace reliance on Russia for the essential fuel.

In Canada, TC Energy is building the Coastal GasLink pipeline that will transport natural gas from producers in northeastern British Columbia to the LNG Canada facility being built on the B.C. coast. This facility will ship LNG to buyers in Asia. TC Energy's stock took a hit due to the revelation that the project will be 70% more expensive than the original budget. On the positive side, the dispute with LNG Canada about cost sharing has been resolved and investors now have a clear picture on the project's outlook.

TC Energy trades near $62 per share at the time of writing. It was also above $74 at one point this year. The drop appears overdone, and investors can now secure a 5.8% dividend yield. As with BCE, TC Energy has a strong track record of dividend growth. The board raised the payout in each of the past 22 years.

The bottom line on top stocks to buy for passive income

BCE and TC Energy pay growing dividends with high yields. 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.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:TRP (Tc Energy)
3. TSX:BCE (BCE Inc.)
4. TSX:TRP (TC Energy Corporation)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn

5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. aswalker
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date
2025/07/19
Date Created
2022/09/19
Author
aswalker