



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

Description

The [market correction](#) is providing Canadian savers with a chance to buy top [TSX](#) dividend stocks at cheap prices for a [Tax-Free Savings Account \(TFSA\)](#) targeting passive income or a self-directed Registered Retirement Savings Plan (RRSP) focused on total returns.

Telus

Telus ([TSX:T](#))([NYSE:TU](#)) trades for less than \$28 per share at the time of writing compared to more than \$34 earlier this year. Investors who buy Telus stock at the current level can pick up a solid 4.8% dividend yield.

Telus is a good stock to buy if you are concerned that a recession is on the way in the next 12-18 months. The company gets most of its revenue from essential mobile and internet service subscriptions. The TV subscription revenue could come under pressure if people really get tight for money, but other discretionary spending would likely be cut before households give up their TV service.

Telus reported strong second-quarter (Q2) 2022 results that show the business is holding up well in a challenging economic climate. Consolidate operating revenue and other income rose 7.1% compared to the same period last year.

Telus saw strength in both the core communications businesses and in the subsidiaries. Telus Health, in particular, is worth watching for future growth. The division recently closed its acquisition of LifeWorks in a deal that will create a global digital health platform providing services to companies with employee health plans.

Telus Agriculture has expanded its scope to the broader consumer goods market. The group helps farmers and retailers make their businesses more efficient through the use of digital solutions.

Telus has a great track record of dividend growth. The board typically raises the payout two times per year and is targeting annual dividend growth of 7-10% over the medium term.

TD Bank

TD ([TSX:TD](#))([NYSE:TD](#)) is Canada's second-largest bank with a current market capitalization of \$157 billion.

The bank is well known for its strong retail banking operations in Canada, but TD has built up a significant business in the United States over the past two decades, and that trend continues. TD is in the process of making two strategic acquisitions south of the border that will make the American business a much larger contributor to revenue and profits. TD is buying **First Horizon**, a retail bank located in the southeastern states, for US\$13.4 billion. The deal will boost the branch network by 400 locations and will bump TD up the ranks in the American market, becoming a top-six U.S. bank.

In addition, TD is spending US\$1.3 billion to purchase **Cowen**, an investment bank. The deal gives TD a larger capital markets team with broader scope and capabilities. The bank has historically trailed its peers in this segment of the banking industry.

TD remains very profitable and is on track this year to top the 2021 earnings. The board increased the dividend by 13% for fiscal 2022, and investors should see another decent payout hike for fiscal 2023.

TD stock trades near \$85 per share at the time of writing. That's down considerably from the \$109 it hit in February. A recession is likely on the way, but the drop in TD's share price appears overdone given the current expectations for a short and mild economic downturn.

Investors who buy the stock at the current level can pick up a 4.2% dividend yield.

The bottom line on top TFSA and RRSP stocks

Telus and TD pay attractive dividends that should continue to grow. If you have some cash to put to work in a TFSA or RRSP, these stocks look cheap and deserve to be on your radar.

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