Retirees: 3 Top TSX Dividend Stocks to Buy for Passive Income

Description

The market correction is giving Canadian retirees a chance to buy great TSX dividend stocks at undervalued prices. Yields have soared to attractive levels for investors who are seeking reliable and growing passive income from their Tax-Free Savings Account (TFSA) portfolios.

Telus

Telus (TSX:T) has given investors a dividend increase every year for more than two decades. The board normally bumps up the payout twice per year with ongoing annual increases expected to by in the 7-10% range over the medium term.

Telus accelerated a big chunk of its capital program in the past two years. As a result, management says the copper-to-fibre tradition initiative will be done ahead of the original schedule and this should free up more cash to return to shareholders in the next few years, as the ongoing capital program settles back to a lower level of about $2.5 billion per year.

Telus is expanding beyond the traditional communications lines of business. The company's Telus Health division bought LifeWorks this year in a deal that creates a global digital healthcare platform for companies that have employee health benefit programs.

Telus stock trades near $28.50 at the time of writing compared to more than $34 earlier this year. The pullback appears overdone, and investors can now get a solid 4.75% dividend yield.

Enbridge

Enbridge (TSX:ENB) is a giant in the North American energy infrastructure sector. The company moves nearly a third of the oil produced in Canada and the United States and 20% of the natural gas used by American homes and businesses.

Domestic fuel demand is on the rise, as airlines ramp up capacity to meet surging travel bookings and office workers hit the highways again. This should support strong demand for Enbridge’s services. The company transports oil from producers to refineries and moves fuel from the refineries on to storage facilities.

On the natural gas side, Enbridge is investing in new assets to tap the rising global demand for liquified natural gas (LNG). The company is building new pipelines in the United States to deliver natural gas to LNG sites. In Canada, Enbridge recently announced plans to take a 30% stake in the new Woodfibre LNG plant being built in British Columbia.

The board raised the dividend in each of the past 27 years. Investors who buy the stock at the current price can pick up a 6.5% dividend yield.

Bank of Montreal

Bank of Montreal (TSX:BMO) raised its dividend by 25% near the end of 2021 and gave investors another 4.5% increase when the bank reported second-quarter 2022 results. The board has declared dividends annually for more than 190 years.

Bank of Montreal is making a big bet on growth in the U.S. economy with its US$16.3 billion acquisition of **Bank of the West**. The deal will add more than 500 branches to the American operations and will give Bank of Montreal a strong presence in California.

The stock trades near $127 per share at the time of writing compared to more than $154 earlier this year. Investors who buy at the current price can get a 4.4% dividend yield.

The bottom line on top stocks for passive income

Telus, Enbridge, and Bank of Montreal all pay attractive dividends that should continue to grow in the coming years. If you have some cash to put to work in a TFSA focused on passive income, these stocks deserve to be on your radar.

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