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

Description

Canadian retirees can take advantage of the market correction to add great TSX dividend stocks to their Tax-Free Savings Account (TFSA) portfolios.

BCE

BCE (TSX:BCE) just reported solid third-quarter (Q3) 2022 results. Adjusted net earnings came in at $0.88 per share, up 7.3% compared to the same period last year. BCE said it had its highest retail internet activations in 17 years. This helped drive revenue growth from residential clients up by 8%. Wireless revenue increased 7.4% and the media business saw digital revenue jump by 40%. Free cash flow increased by 13.4% in the quarter compared to Q3 2021.

BCE confirmed its 2022 financial guidance. Investors should see a dividend increase in the 5% range for 2023, which would be in line with the average dividend growth over the past 14 years.

BCE also announced a share-repurchase program that will see the company buy back as up to 10% of the outstanding stock over the next 12 months.

BCE continues to expand its fibre and 5G networks to drive revenue growth and protect the company's competitive position across the country.

The stock appears oversold given the steady results and the essential nature of BCE's core services. Investors can buy BCE stock for $61.50 at the time of writing compared to $74 earlier this year. The current dividend provides a 6% yield.

Canadian Natural Resources

Canadian Natural Resources (TSX:CNQ) continues to benefit from high oil and natural gas prices. Adjusted net earnings for Q3 2022 came in at $3.5 billion compared to $2.1 billion in Q3 2021.

The business achieved record natural gas production in the quarter, up 25% from the same period last year. Liquids production, which includes oil and natural gas liquids, rose 3% year over year. About 50% of the liquids output is upgraded synthetic crude oil (SCO) from the oil sands operations. The SCO product realized an average price premium of US$8.87 per barrel above West Texas Intermediate pricing in the quarter.

The board just announced another 13% increase to the dividend, bumping the quarterly payout up to $0.85 per share. This is on top of a 25% increase late last year and another 28% increase that occurred in the spring of 2022. CNRL could also hand out special dividends in the coming quarters. Investors received a $1.50 bonus payout in August.

Net debt is now well below $15 billion, so 50% of free cash flow is going toward share buybacks and the other 50% to the balance sheet.

Bank of Nova Scotia

Bank of Nova Scotia (TSX:BNS) looks oversold at the current share price near $65. Investors can now get a solid 6.3% dividend yield and simply wait for the dividend increases to boost the return. This stock was as high as $95 at one point earlier this year, so there is decent upside potential once the bank sector rebounds.

Near-term volatility should be expected as the market tries to figure out if the anticipated recession in 2023 or 2024 will be worse than expected. At this point, however, Bank of Nova Scotia trades for less than 7.9 times trailing 12-month earnings. That would be in line with expectations for a financial crisis. This is certainly possible, but most economists predict a mild and short recession will occur in Canada.

The bottom line on top stocks for passive income

BCE, CNRL, and Bank of Nova Scotia pay attractive dividends that should continue to grow. If you have some cash to put to work in a TFSA focused on passive income, these stocks deserve to be on your radar today.

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3. NYSE:CNQ (Canadian Natural Resources)
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Date
2025/07/22
Date Created
2022/11/03
Author
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