



2 Top TSX Stocks to Buy Now for TFSA Passive Income

Description

Retirees and other investors seeking reliable passive income are wondering which top [TSX](#) dividend stocks look attractive to buy today for a self-directed Tax Free Savings Account (TFSA) portfolio.

BCE

BCE ([TSX:BCE](#)) has been top pick among pensioners for decades. Retirees like the generous payout and the reliability of the dividend during difficult economic times. BCE enjoys a wide competitive moat in the Canadian communications sector and has the power to increase prices on its services when its costs rise. This is particularly important to consider in the current era of high inflation.

BCE has the balance sheet strength to make the investments that are required to drive revenue expansion while protecting the competitive position of the wireline and wireless network infrastructure. BCE is on track to directly connect 900,000 more customers with fibre optic lines in 2022 and is expanding the [5G](#) mobile network after spending \$2 billion on new 3,500-megahertz spectrum at the government auction in 2021.

BCE is on track to deliver revenue growth, earnings growth, and free cash flow growth in 2022 compared to last year. This should support another dividend increase for 2023. BCE raised the payout by at least 5% annually for the past 14 years.

A recession in 2023 or 2024 would potentially put pressure on ad revenues in the media business, but this is a relatively small part of the overall revenue stream. Higher interest rates could also make debt payments more expensive if rates remain elevated for an extended timeframe. On the positive side, high rates should enable BCE to maintain a surplus position in its defined benefit pension plans.

BCE stock trades near \$64 per share at the time of writing compared to \$74 earlier this year. Investors can currently get a 5.75% dividend yield.

TC Energy

TC Energy ([TSX:TRP](#)) trades for close to \$65 per share at the time of writing compared to more than \$74 in June. The drop appears overdone given the solid performance of the business this year, and the positive outlook for the natural gas sector.

TC Energy has vast natural gas transmission and storage assets in Canada, the United States, and Mexico. The company's pipeline networks in place or under construction will play a key role in moving natural gas from production areas in Canada and the United States to liquified natural gas (LNG) facilities where the gas is cooled to a liquid form and then put on ships to be sent to international buyers. Europe in particular is buying more North American natural gas to replace its reliance on Russia.

TC Energy is working on a \$34 billion capital program that should drive revenue and cash flow growth. Management expects the new assets to support average annual dividend growth of 3-5% over the medium term. The company has raised the payout annually for more than two decades. At the current share price, investors can get a 5.5% dividend yield.

The bottom line on top stocks to buy now for passive income

No dividend is 100% safe, but BCE and TC Energy pay attractive dividends that should continue to grow in the coming years. If you have some cash to put to work, these stocks deserve to be on your radar.

CATEGORY

1. Dividend Stocks
2. Investing

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1. TSX:BCE (BCE Inc.)
2. TSX:TRP (TC Energy Corporation)

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Author

aswalker

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