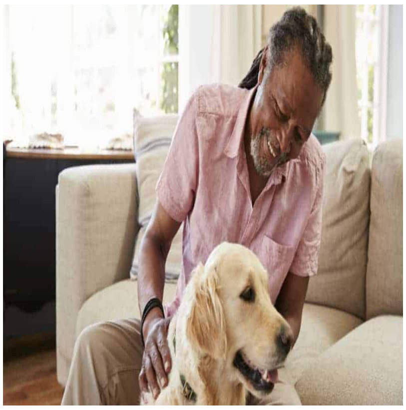

Retirees: 3 Reliable Canadian Dividend Stocks to Buy Now for Passive Income

Description

The market correction of 2022 has been ugly for pensioners, but the pullback also gives retirees a chance to buy top TSX dividend stocks at cheap prices for portfolios targeting steady and growing passive income.

Bank of Nova Scotia

Bank of Nova Scotia (TSX:BNS) has raised its dividend twice in the past year. The 11% increase in late 2021 and another 3% boost after the fiscal second-quarter (Q2) results came out pushed the quarterly payout up to $1.03 per share. At the time of writing, this provides investors with an annualized yield of 6.25%.

Bank of Nova Scotia raised its dividend in 43 of the past 45 years. The board declared the first dividend in 1833, and investors have received a distribution annually since that time.

The company delivered solid fiscal 2022 results that beat 2021 earnings. Despite the positive results and the dividend increases, the stock price is down more than 27% in 2022. This appears overdone, even with economic headwinds expected to put pressure on revenue and profits in the coming year.

TC Energy

TC Energy (TSX:TRP) has increased the dividend annually for more than two decades, and the company is targeting yearly payout growth of 3-5% over the medium term. The $34 billion capital program should drive revenue and cash flow growth to support the dividend increases.

TC Energy's share price took a hit this year amid ongoing concerns about the rising costs on its Coastal GasLink project that will bring natural gas from producers in northeastern British Columbia to a new liquified natural gas (LNG) facility on the BC coast. The project is 80% complete and expected to go into mechanical operation by the end of next year. An update on the projected final costs is expected in early 2023. TC Energy has already settled a dispute with LNG Canada on cost-sharing for the project, so there shouldn't be more surprises.

The stock now trades near $55 compared to $74 in June. At this point, most of the bad news is likely priced into the shares, and investors can pick up a 6.5% dividend yield.

Canadian Natural Resources

CNRL (TSX:CNQ) is Canada's largest energy company with a current market capitalization of $83 billion. The firm is best known as an oil producer with assets that include oil sands, conventional heavy oil, conventional light oil, and offshore oil sites. CNRL, however, is also a major Canadian natural gas producer with extensive production and untapped resources.

International demand for Canadian natural gas is on the rise, and CNRL is positioned well to benefit from the trend in the coming years. At the same time, oil demand is expected to remain robust, as airlines continue to ramp up capacity and commuters return to offices next year.

CNRL increased the dividend in each of the past 22 years with a compound annual growth rate of more than 20%. Management is using excess cash to reduce debt and pay bonus dividends on top of the steady growth in the base distribution.

At the time of writing, the stock trades near $74.50 per share compared to $88 in June. The base dividend currently provides a 4.5% dividend yield.

The bottom line on top stocks to buy for passive income

Bank of Nova Scotia, TC Energy, and Canadian Natural Resources all pay attractive dividends that should continue to grow. If you have some cash to put to work in a portfolio targeting passive income, these stocks deserve to be on your radar.

CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:CNQ (Canadian Natural Resources Limited)
3. TSX:TRP (TC Energy Corporation)

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aswalker