3 TSX Stocks to Buy Now for Fast-Growing Passive Income

Description

Retirees and other investors seeking reliable passive income have a chance to buy top TSX dividend stocks at cheap prices thanks to the 2022 market correction. Many companies are expected to raise their distributions in 2023, despite the economic headwinds.

Telus

Telus (TSX:T) has given investors a dividend increase annually for more than two decades, and the trend should continue.

Management is reducing the capital program in 2023 by about $1 billion after a ramp-up of spending to accelerate the copper-to-fibre transition. The result should be more cash available for distributions and share buybacks.

Telus gets most of its revenue from essential mobile and internet service subscriptions. This should make Telus a good stock to buy and own during turbulent economic times. A mild and short recession is anticipated in 2023 or 2024, but a more severe downturn in possible.

The board intends to increase the dividend by 7-10% in 2023, which is in line with distribution growth over the past several years.

Telus stock trades near $27 per share at the time of writing. That’s down from more than $34 earlier this year. Investors who buy the stock at the current price can get a 5.2% dividend yield.

Fortis

Fortis (TSX:FTS) is a Canadian utility company with assets located in Canada, the United States, and the Caribbean. Fortis gets nearly all of its revenue from regulated businesses, including power generation, electricity transmission, and natural gas distribution operations. This means cash flow should be predictable and reliable, even during a recession.

Fortis is working on a $22.3 billion capital program that is expected to significantly boost the rate base over the next five years. As a result, management plans to raise the dividend by 4-6% annually through 2027.

Fortis increased the dividend annually for the past 49 years, so investors should feel comfortable with the guidance. At the time of writing, Fortis stock trades for $55 compared to a 2022 high around $65 per share. Investors can now get a 4.1% dividend yield.

Bank of Nova Scotia

Bank of Nova Scotia (TSX:BNS) trades for close to $64 per share at the time of writing compared to a 2022 high of $95. The stock looks cheap at just 7.9 times trailing 12-month earnings and now provides a 6.4% dividend yield.

Revenue might slip and loan losses could increase if the economy goes through a recession in 2023 or 2024. However, Bank of Nova Scotia is expected to generate strong profits in fiscal 2023, and the dividend should be safe. As such, the pullback appears overdone.

The bank raised the dividend twice in 2022, supported by earnings that topped fiscal 2021 results. Another payout increase is likely on the way in fiscal 2023, and the stock should offer attractive upside potential when the market recovers.

The bottom line on top stocks to buy for passive income

Telus, Fortis, and Bank of Nova Scotia all pay good dividends that should continue to grow. If you have some cash to put to work in a portfolio focused on passive income, these stocks deserve to be on your radar.

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