



TFSA Passive Income: 2 High-Yield TSX Dividend Stocks to Buy Today

Description

The [market correction](#) is giving retirees and other Tax-Free Savings Account (TFSA) investors seeking reliable passive income a chance to buy top Canadian dividend stocks at cheap prices to generate high-yield earnings in their retirement portfolios.

TFSA limit 2023

The TFSA limit is \$6,500 for 2023. This brings the maximum cumulative TFSA contribution space to \$88,000 per person if they were 18 years old at the time of its inception. All interest, dividends, and capital gains earned inside the TFSA remain tax free when removed, and the value of the withdrawals creates new contribution room of the same amount in the following calendar year.

Retirees can use the TFSA to generate investment earnings that won't be counted towards their net world income calculation used by the Canada Revenue Agency (CRA) to determine the Old Age Security (OAS) pension recovery tax. This can make a meaningful difference if income is currently being generated in taxable investment accounts and the person's income is above the minimum threshold for the OAS clawback.

GIC rates have improved in the past year, but investors can still get higher returns from some of Canada's top dividend stocks.

Enbridge

Enbridge ([TSX:ENB](#)) is one of Canada's largest companies with a current market capitalization near \$108 billion. The business operations include oil pipelines, natural gas pipelines, natural gas storage, natural gas utilities, oil export facilities, renewable energy assets, and a 30% stake in a new liquified natural gas (LNG) facility being built in British Columbia.

Enbridge is benefitting from the rebound in oil and natural gas demand after the pandemic slump. The business delivered solid results in 2022, and the board recently raised the dividend for the 28th

consecutive year.

Enbridge stock trades near \$53 per share at the time of writing compared to the 2022 high above \$59. Investors who take advantage of the pullback to buy ENB stock can get a 6.6% dividend yield.

Bank of Nova Scotia

Bank of Nova Scotia (TSX:BNS) trades for \$65 per share at the time of writing compared to \$95 at one point in early 2022. The steep decline occurred as part of a broader pullback in [bank stocks](#) last year. Investors became increasingly concerned that soaring interest rates would trigger a severe recession in 2023 and lead to a potential meltdown in the Canadian housing market.

A deep and extended economic downturn would likely lead to significant job cuts. The resulting loss of income combined with a jump in mortgage costs could force a wave of mortgage defaults and push the housing market into a steeper decline. In the worst-case scenario, the Canadian banks would be stuck with thousands of properties that are worth less than the money owed on the mortgages.

Economists think the more likely outcome will be a short and mild recession. Assuming they are correct, BNS stock now appears oversold.

The bank generated fiscal 2022 earnings that topped the 2021 results and the board raised the dividend again last year. At the current share price, the dividend provides an annualized yield of 6.3%.

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

Enbridge 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 look cheap today and deserve to be on your radar.

CATEGORY

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2. Investing

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2. TSX:ENB (Enbridge Inc.)

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