Retirees: 2 Top TSX Dividend Stocks to Buy in 2023 for Passive Income

Description

Retirees with some cash to put to work in portfolios focused on passive income might want to consider buying top Canadian dividend stocks that plan to raise their distributions during these challenging times.

The market correction could continue in 2023, as investors adjust to a weaker economy and lowered earnings guidance. Businesses with recession-resistant revenue streams, however, should hold up relatively well.

Telus

Telus (TSX:T) is a Canadian communications services provider with a current market capitalization of close to $38 billion. The core operations consist of wireless and wireline networks delivering mobile and broadband internet services to households and commercial customers. The company also provides security and TV subscription services to its clients across the country.

Telus is known for delivering industry-leading customer service. Its postpaid mobile churn rate is regularly the lowest in the industry. This is important in a sector where attracting new subscribers is expensive.

Telus also has interesting subsidiaries that could eventually become significant contributors to revenue and profit growth. Telus Health acquired LifeWorks in 2022 in a move that created a global business providing healthcare and wellness solutions to companies that have employee healthcare plans.

Telus Agriculture is expanding beyond its focus on farmers to target the entire consumer goods segment with its digital solutions designed to make the sector more efficient.

Telus trades near $26.50 per share at the time of writing compared to the 12-month high above $34. The pullback appears exaggerated considering the strong performance of the business in 2022 and the essential nature of the company's primary services.

Telus intends to raise the dividend by 7-10% annually over the medium term. Investors can now get a 5.3% yield from the stock.

Enbridge

Enbridge (TSX:ENB) raised its dividend in each of the past 28 years, and investors should see the trend continue. The energy infrastructure giant generates revenue by charging energy companies a fee to transport oil, natural gas, natural gas liquids, and refined fuel products. Domestic and international fuel demand continues to rebound off the pandemic slump, and Enbridge is positioning itself to benefit from shifts in the global energy marketplace.

Enbridge purchased an oil export terminal in Texas for US$3 billion in 2021. The company also recently announced a 30% stake in a new liquified natural gas (LNG) terminal being built on the coast of British Columbia.

In addition, Enbridge's renewable energy group continues to expand and the company is getting into new segments, including hydrogen and carbon sequestration.

Enbridge's stock outperformed the TSX last year. The recent pullback in the price to $55.50 from the June high around $59.50 gives investors a chance to buy ENB stock on a nice dip and pick up a solid 6.6% dividend yield.

The bottom line on top stocks to buy for passive income

Telus and Enbridge are top TSX dividend stocks with attractive payouts that should continue to grow. If you have some cash to put to work in a self-directed portfolio focused on passive income, these stocks appear undervalued today and deserve to be on your radar.

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