



2 Superb TSX Stocks to Buy for Passive Income

Description

Retirees and other investors seeking steady and growing passive income are searching for top dividend stocks to add to their self-directed Tax-Free Savings Account (TFSA) portfolios. The [market correction](#) that occurred over the past year is providing an opportunity to buy some top [TSX](#) dividend stocks at cheap prices.

BCE

BCE ([TSX:BCE](#)) generated solid full-year 2022 results and recently increased the dividend by 5.2% for 2023. This is the 15th consecutive annual dividend hike of at least 5%. That's the kind of reliability investors want to see from their income stocks.

BCE's market capitalization of \$55 billion and a strong balance sheet gives management the flexibility to make the billions of dollars of investments needed each year to upgrade the communications networks and protect BCE's competitive advantage.

The company spent about \$5 billion in 2022 on capital projects that included an expansion of the [5G](#) network and the continued installation of direct fibre connections to the premises of commercial and residential customers. These initiatives should set BCE up for new revenue opportunities in the coming years while giving customers the broadband they need, as data consumption grows.

BCE's media business might see revenue come under pressure if the economy goes through a recession. At the same time, high interest rates will drive up expenses on variable-rate debt payments. This could put a pinch on profits in 2023.

However, BCE's core mobile and internet subscription operations should be solid performers this year. People and businesses need to communicate and have access to the internet regardless of the state of the economy. As such, BCE stock should be good to buy if you are concerned about an economic downturn.

BCE trades for close to \$61 per share at the time of writing compared to more than \$73 at the peak last

year. Investors can take advantage of the pullback to buy BCE at a nice discount and pick up a 6.3% dividend yield.

Fortis

Fortis ([TSX:FTS](#)) trades for close to \$55 per share. It was as high as \$65 at one point in 2022. The drop appears overdone, considering the company delivered solid results in 2022 and gets 99% of its revenue from regulated assets.

Fortis reported a 7% increase in per-share adjusted net earnings for 2022 compared to the previous year. The company owns and operates power-generation facilities, electricity transmission networks, and natural gas distribution utilities in Canada, the United States, and the Caribbean.

The board raised the dividend in each of the past 49 years and intends to boost the payout by 4-6% annually through at least 2027, supported by the current \$22.3 billion capital program.

Investors who buy the stock at the current price can get a 4% dividend yield and look forward to decent payout growth in the coming years.

The bottom line on top TSX dividend stocks to buy for passive income

BCE and Fortis 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 appear cheap right now and deserve to be on your radar.

CATEGORY

1. Dividend Stocks
2. Investing

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1. TSX:BCE (BCE Inc.)
2. TSX:FTS (Fortis Inc.)

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