



## TFSA Investors: Here Is How to Earn \$500 in Passive Monthly Income

### Description

Earning a consistent passive-income stream from Tax-Free Saving Accounts (TFSAs) is something smart investors plan to take the full advantage of this fantastic saving tool offered to Canadians.

Let's assume you want to earn \$500 a month from your TFSA portfolio and you are wondering what it will take to get there. I have a game plan for you.

Suppose you are willing to maximize your TFSA limit and invest \$5,500 each year towards your passive-income portfolio. Assuming no capital gains, and with a yield of 5%, you will accumulate \$124,616 in the next 15 years. And if this investment continues to produce a 5% rate of return, you will start making \$519 a month in passive income.

Remember, we are not assuming here that you will make any capital gains. Once you put in realistic capital gains in this equation, you will achieve your \$500 monthly income goal much earlier.

Please don't discount the value of \$500 and how much difference it can make on improving the quality of your life. For many Canadians, \$500 is enough to buy monthly groceries, pay for a car-leasing bill, or cover the cost of utilities.

The next step in your journey of creating a monthly income portfolio is to pick some stocks that provide stable monthly income and have the history of repeating this performance. Here are a few suggestions:

**RioCan Real Estate Investment Trust** ([TSX:REI.UN](https://www.scribd.com/document/444444444/TSX:REI.UN)) is Canada's largest REIT with 300 retail properties across Canada. It owns and manages the country's largest portfolio of shopping centres.

After an ~8% pullback this year, RioCan stock now yields ~6% on an annual basis, which is close to the best dividend yield on this stock since 2010.

I think this is a good time for investors seeking monthly income to add this top-quality REIT to their portfolio. At a 6% dividend yield, you'll be getting a monthly distribution of \$0.115 a share from a company whose tenants include some of the top retailers in the world.

**Inter Pipeline Ltd.** (TSX:IPL) is a Calgary-based energy infrastructure company running a large oil pipeline network, transporting energy products from Canada's western province, processing natural gas, and managing bulk storage facilities for liquid energy assets in Europe.

Trading at \$26.14 a share, IPL offers 6.2% annual dividend yield, which translates into a \$0.14-a-share monthly payout.

IPL generates most of its revenue and cash flows from long-term, fee-based contracts. This certainty in its revenues reduces the company's exposure to volatile energy prices, making the stock a stable provider of monthly income. The company has been hiking its payout for the last 14 years.

**First National Financial Corp.** ([TSX:FN](#)) is another reliable stock to earn monthly income. It has a dominant position in Canada's non-bank mortgage lending market with \$100 billion mortgages under administration.

At \$26.89, FN trades at just over seven times earnings with a dividend yield of 6.9%. This means you can earn a \$0.15-a-share monthly income from this solid financial stock.

### The bottom line

These three stocks can get you started on building your monthly income portfolio in your TFSA. It is very much possible to make passive income on your own. All you need is to save aggressively and save every month.

### CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

### TICKERS GLOBAL

1. TSX:FN (First National Financial Corporation)
2. TSX:REI.UN (RioCan Real Estate Investment Trust)

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