



## 2 Dividend Aristocrats to Generate Tax-Free Income in Your TFSA

### Description

Who wouldn't want tax-free income?

Everybody has to pay a share of their employment income to the tax man. It's one of life's few certainties. Investments also come with a tax burden, but thankfully, there are ways to shelter this part of your income. One of the best ones is a tax-free savings account (TFSA). TFSAs let you grow your investments tax-free for as long as they're in the account, and upon withdrawal as well. Although they don't come with the deduction that RRSPs give, they allow you to withdraw money without worrying about being taxed.

For many TFSA investors, dividend stocks are attractive plays. Dividend stocks make regular cash payouts that you can withdraw from your TFSA tax-free, which makes TFSAs perfect accounts to build up positions in stocks that you'll use to generate income for day-to-day use. Should this be something you're interested in, the following are two stocks that can generate large sums of tax-free income in your TFSA.

### Enbridge Inc ([TSX:ENB](#))([NYSE:ENB](#))

Enbridge is one of the highest-yielding dividend stocks on the TSX. The world's [longest and most sophisticated crude oil transportation network](#), it pays a dividend that yields about 6%. Additionally, Enbridge has been increasing its dividend by about 12% a year, so the yield could conceivably head higher than the generous level it's already at now. Between growing global demand for oil and the progress of Enbridge's Line III expansion, there is plenty of reason to believe that this stock will keep growing its payouts into the future.

### Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#))

Bank of Nova Scotia (Scotiabank) is one of Canada's Big Six banks, a major financial company with an international reach. With significant operations in [Latin America](#), Europe and Asia, it's arguably the most global of the Canadian banks. In Q1, Scotiabank suffered a major setback, with diluted EPS

falling from \$1.87 to \$1.75.

As a result, the bank's shares have been trending downward since February. However, this slide in Scotiabank's stock price has sent its dividend yield to a juicy 4.76%—a yield that could grow if the bank gets back on course and starts growing earnings again (historically, the Big Six banks tend to recover from temporary earnings downswings).

## Foolish takeaway

Dividend income is among the safest sources of investment income available. Higher than bond interest and more dependable than market gains, it's an absolute necessity in any well-diversified portfolio. TFSAs are ideally suited to holding high-yield investments that you plan on using to generate spending money, as they spare you the dividend tax and allow for tax-free withdrawals.

If this is something you'd be interested in, either of the stocks mentioned in this article would be a worthy addition to your portfolio. Enbridge in particular stands to benefit if the price of oil keeps rising, as many reputed analysts are predicting.

### CATEGORY

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

### TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:ENB (Enbridge Inc.)

### PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

### Category

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

### Date

2025/09/19

### Date Created

2019/05/08

---

**Author**

andrewbutton

default watermark

default watermark