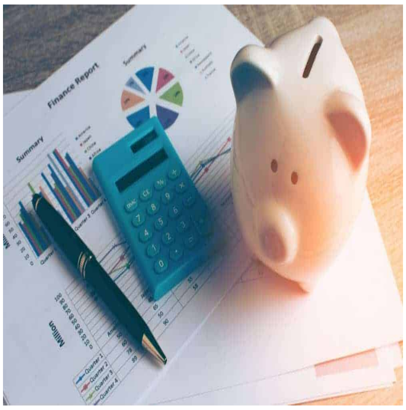

Passive Income 101: 3 Stocks for a TFSA Dividend Fund

Description

Canadians are searching for ways to put more money in their pockets without having to work extra hours or, even worse, get a second job.

One popular option is to buy quality dividend stocks inside a Tax-Free Savings Account (TFSA). The beauty of the TFSA is that all of the income earned on the investments is yours to keep. That's correct; the tax authorities can't touch your TFSA income, dividends, or capital gains!

In addition, the TFSA income is not considered when the government calculates possible clawbacks. This is always a concern for seniors, but could also have an impact on families who receive child care benefits or subsidized daycare that is determined by family income levels.

Let's take a look at three TSX Index stocks that might be interesting picks to launch your passive-income portfolio.

TC Energy (TSX:TRP)(NYSE:TRP)

TC Energy is the new name for TransCanada. The company decide to make the change to better reflect the overall business. TC Energy is a major player in the North American energy infrastructure sector with oil, gas, and gas liquids assets located in Canada, the United States, and Mexico. Gas storage and power generation are also part of the mix.

The company just reported strong results for Q1 2019. Net income came in at $1 billion, or $1.09 per share, compared to $987 million, or $1.07 per share, in the same period last year.

TC Energy has $30 billion in secured developments lined up with $7 billion scheduled for completion in 2019. As new assets go into service cash flow should increase to support steady dividend growth.

The current quarterly payout of $0.75 per share provides a yield of 4.75%.

Toronto Dominion Bank (TSX:TD)(NYSE:TD)

TD generated $12 billion in adjusted net income in fiscal 2018. That's an impressive sum, and investors should see the company continue to grow earnings per share by about 7-10% on an annualized basis over the medium term.

TD's large U.S. operations provide investors with a great way to get exposure to the American economy through a top Canadian company. The U.S. unemployment rate is now at a 50-year low.

TD has a compound annual dividend growth rate of better than 11% and the current payout provides a 3.9% yield.

BCE (TSX:BCE)(NYSE:BCE)

BCE is a giant in the Canadian communications sector with world-class wireless and wireline networks, providing homeowners and businesses with mobile, internet, and TV services.

The company also has a large media division and is ramping up its presence in other areas, including home security.

BCE is targeting 2019 free cash flow growth of 7-10% and pays a generous dividend. Investors who buy today can secure a yield of 5.3%.

The bottom line

TC Energy, TD, and BCE are industry leaders with strong track records of dividend growth. All three should be attractive picks to start a balanced TFSA passive-income portfolio today.

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