



## How to Make Over \$6,000 in Tax-Free Passive Income Every Year

### Description

I tend to write a lot for millennials, but when it comes to passive income, that's something everyone can enjoy. Whether you're setting up a portfolio to pay your bills with some extra income or looking for that extra income with retirement around the corner, dividends are an important part of every investment fund.

With a Tax-Free Savings Account (TFSA), investors have the opportunity to use that \$63,500 of current contribution room to keep their money growing and out of the hands of the tax man.

Now, if you have a partner, things only get better, as that contribution room suddenly jumps to \$127,000. That means if you start looking at stocks that produce high dividend yields, you could be bringing in \$6,000 every year in passive income. So, let's take a look at some good stock options.

### TC Energy

Formerly known as TransCanada, **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) reported [strong results](#) during its latest quarterly results, with revenue of \$4.67 billion, net income of \$1.5 billion, and earnings per share of \$2.03.

The company should continue to see these numbers grow, as it has \$30 billion in secured developments, with \$7 billion put away for completion this year. Once those assets get up and running, the company should see even more profits come their way, and investors see an increase to an already strong dividend.

At the time of writing, TC Energy offers a dividend of 4.55%, meaning if you were to invest \$42,300 (\$21,150 each, and a third of your contribution room) into TC Energy, you would receive \$1,917 annually.

### Bank of Nova Scotia

It's always a good idea to have a bank stock or two in your portfolio, but when it comes to [dividend bank stocks](#), **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) is up there with the best.

The bank actually poses an opportunity for investors, as its quarterly results weren't as good as analysts hoped. But not to say things were terrible. Net income came in at \$3 billion, and earnings per share (EPS) were \$2.29. Overall, the profits were there, and it wasn't a bad quarter — just not ideal.

Part of this could be due to the company's recent buying spree. Scotiabank purchased two Canadian wealth management companies and doubled its market share in Chile. Therefore, it might take a little time before those acquisitions start reporting returns.

But again, that leaves now as an opportunity if you're looking for passive income and an increase in share price over the long term. The company's dividend yield at the time of writing sits at 5.08%, making that same \$42,300 investment worth \$2,105 per year in passive income.

## Pembina Pipeline

**Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)) has had a hell of a last few years, and that could only improve for this pipeline company as oil and gas conditions improve alongside this stock. A more efficient business coupled with strong results across the board have made Pembina an excellent long-term investment — especially given most of its contracts are long-term also, meaning a steady cash flow should continue for this company for decades.

But right now, the company is in the midst of expanding, putting \$3.1 billion aside for growth projects, with some expected to be in service by 2020. That could see an increase in its already strong earnings results, with Pembina recently reporting \$2.64 billion in revenue and earnings per share of \$0.87 in its most recent quarter.

This all means the company can support its strong dividend for years to come, which currently sits at 4.98%. An investment of \$42,300 would be worth \$2,105 annually.

## Foolish takeaway

By adding these strong stocks to your passive-income portfolio, you and your partner should not only see long-term gains in share price, but a strong dividend yield from each company that is set to increase annually for years. Buying these stocks today, however, would bring in a solid \$6,127 per year of passive income to your household.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:PBA (Pembina Pipeline Corporation)

3. NYSE:TRP (Tc Energy)
4. TSX:BNS (Bank Of Nova Scotia)
5. TSX:PPL (Pembina Pipeline Corporation)
6. TSX:TRP (TC Energy Corporation)

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