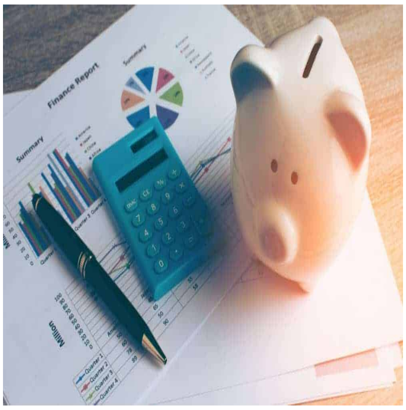

3 Passive-Income Stocks to Start Up Your TFSA Dividend Fund

Description

As a potential market crisis become ever nearer, Canadians are looking for ways to keep their money safe and to find new ways of bringing in even a little bit more cash.

While a Tax-Free Savings Account (TFSA) is an excellent start, it might be time to look over that portfolio again and consider investing your funds into dividend stocks. Creating a TFSA dividend fund means not only will you be investing in stable stocks that have a proven track record towards a strong future, you'll also be getting guaranteed funds every quarter or even every month.

So, if you're game for starting up a TFSA dividend fund to bring in some passive income, I would start with these three strong stocks.

TransAlta Renewables

TransAlta Renewables (TSX:RNW) is the perfect option for the investors who wants to take advantage of gas prices when they're up and who thinks the future belongs to clean energy. TransAlta runs 34 facilities in its diverse portfolio of hydro, gas, wind power, and solar power.

The company produced strong results in its most recent quarter, with revenue of $127 million, up significantly from $2 million last year, EBITDA of $116 million compared to $110 million, and net earnings of $76 million compared to $66 million last year. This growth should only continue as the company continues to make acquisitions to grow its portfolio

As for that dividend, TransAlta pays a hefty dividend yield of 6.96%, distributed monthly at $0.078 per share. That means investing a third of your contribution room, $21,150, would bring in a dividend yield of $121.40 per month, or $1,457 per year.

Toronto-Dominion

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) offers another lucrative, yet stable, opportunity for passive-income seekers

. While other Canadian banks have been posting less-than-ideal results, TD recently generated $12 billion in adjusted net income for 2018, with $3.3 billion in its latest quarter.

That number should continue to grow, and not only because the bank is tied for first as Canada's largest bank. It also has a solid foot in the United States, now a top-10 bank in the country after acquiring regional banks across the east coast. This means investors not only get exposure to Canada but the American economy as well.

This makes a steady increase in TD's already strong dividend likely moving forward. The company has a strong track record of increasing that distribution by 10% over the past 20 years, with it now sitting at 4.01% at the time of writing. So, again, investing that $21,150 today would bring in $840 per year, or $210 every quarter.

Power Financial

Last, but definitely not least, is **Power Financial** (TSX:PWF). This holding company of a number of Canadian insurance and asset management companies allows Canadians to get diverse exposure to Canada's financial sector. In total, the company has public assets of about $28 billion, with a market cap of $20.24 billion.

In its recent quarterly results, Power Financial announced it would be having a major share buyback, meaning management believes revenue is only set to increase over the medium term, likely through acquisitions. The report showed net earnings of $2.2 billion, up from $1.7 billion the year before.

As for its dividend, the company currently offers a yield at 5.96%. That means the same $21,150 invested would bring in $1,234 per year, or $308.58 every quarter.

Bottom line

Opening a passive-income portfolio in a TFSA consisting of these three stocks, and using your total contribution room of $63,500, would mean not only should you look forward to long-term growth but long-term dividends. Even if these dividend yields stay where they are, investors will receive an annual cheque of $3,531 — not a bad little chunk of change.

CATEGORY

1. Dividend Stocks
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2. TSX:RNW (TransAlta Renewables)
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