Millennials: How Much Passive Income Do You Need to Generate From Your TFSA?

Description

We here at the Motley Fool tend to write a lot of articles for Millennials. It's incredibly important to have some cash stashed away for a rainy day, or simply to have in order to save for a mortgage payment, retirement, or even just a trip.

But while it's nice to think opening up a Tax-Free Savings Account (TFSA) could be used for your laundry list of nice-to-haves, it's becoming increasingly more apparent that Millennials just genuinely need extra income to survive basically.

To demonstrate, let's take a trip back in time. In 1980, the average annual income for someone between 18 and 35 in Canada was $34,200 per year. Fast forward to 2016 and look at today's 18 to 35-year-olds, and they're making an average of $34,300.

That's right: a whopping increase of $100.

Other age groups have grown by leaps and bounds, but not Millennials. We've been pretty much stagnant for decades while the cost of living has gone up and up. Whereas our parents could easily afford a house with an average mortgage of around $117,000, today's average is way up to $218,000.

So again, here we are: needing extra cash to fund the basics. With that in mind, the answer to our headline is simple: you need as much passive income as possible. But you have to be smart about it. Find consistent stocks that will continue growth and payouts for decades to come.

A great starting option is **Royal Bank of Canada** (TSX:RY)(NYSE:RY). A bank stock is always a good idea, but I'd say that Royal Bank is my favourite. The company has dropped a bit recently with the potential of a mortgage crisis, and analysts believe it's in for some serious growth in the next year.

Additionally, there is serious long-term growth. The bank has expanded into the United States and has seen some strong revenue come out of it. Coupled with this is its expansion into wealth and commercial management, which analysts believe will continue paying in high-margin gains.

Another strong option for your portfolio is **Suncor Energy Inc.** (TSX:SU)(NYSE:SU). This is one of the top oil and gas companies out there that's suffering right now due to the industry slump.

That makes it an ideal buying opportunity for a company that has been producing strong earnings reports despite the volatile industry it's in. The company has been using it to continue its expansion projects; when those are online, investors can expect its share price to climb much, much higher.

I would also consider buying **Power Financial Corp.** (TSX:PWF), a holding company with the majority of interests in the insurance industry. The market has consistently undervalued this strong company, one that has continued to maintain a strong dividend even during market volatility, which means the company is still a bargain if you buy it now.

Foolish takeaway

If you're looking for strong companies with consistent payouts that are set to grow both in share price and dividend yield over the next few decades, these three are for you. Millennials need every cent they can scrape together, and these three offer a great dividend while you wait for share growth.

In fact, if you were to put $10,000 toward each company, that would give you an annual dividend yield of $1,365.74. That's more than one of your pay cheques if you're making the average income! While it can be hard to get those funds together, even a small investment reinvested can make a huge difference to your household.

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alegatewolfe