



## TFSA Investors: How to Get \$40,000 of Tax-Free Income Every Year

### Description

A proven strategy to build your portfolio income is through buying dividend stocks that increase their profitability and dividends over time. Which stocks you choose depends on your current portfolio construction.

Below, I'll show you how you can get your Tax-Free Savings Account (TFSA) to generate \$40,000 or more of [tax-free income](#) every year.

### Get \$40,000 of tax-free income every year in just over 23 years

This strategy relies on a combination of both dividends and growth. Energy infrastructure stocks are a great way to do this since they often increase their payouts with growing cash flows. They're also fairly low risk and can keep your money relatively safe.



**Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) is North America's leading and largest energy infrastructure company, which is a critical part of the energy sector. It has a huge network of liquids pipeline and gas

transmission assets that serve key markets.

Additionally, Enbridge has the largest North American natural gas utility by volume, distributing gas to more than 3.7 million customers in Ontario, Quebec, and New York State.

Over the past 10 years, ENB stock has grown by an average of 7.9% per year. In the same period, it increased its dividend by 15.1% per year.

Other than organically growing, Enbridge also has \$19 billion of commercially-secured projects for its near term growth.

Currently, the company offers a yield of 6.6%, which we don't expect to last long because the stock trades hefty discount. Over the long term, we expect its dividend to increase by at least 5%.

Assuming you're starting your TFSA from scratch and make \$6,000 of annual contributions to a stock like Enbridge that offers a yield of about 6% and grows the dividend by about 5% per year, it would take approximately 23 years to reach \$40,000 of annual income.

#### **Year Portfolio Annual Dividend**

1	\$6,660	\$400
2	\$14,053	\$843
3	\$22,258	\$1,336
4	\$31,367	\$1,882
5	\$41,477	\$2,489
6	\$52,700	\$3,162
7	\$65,157	\$3,909
8	\$78,984	\$4,739
9	\$94,332	\$5,660
10	\$111,369	\$6,682
11	\$130,279	\$7,817
12	\$151,270	\$9,076
13	\$174,570	\$10,474
14	\$200,432	\$12,026
15	\$229,140	\$13,748
16	\$261,005	\$15,660
17	\$296,376	\$17,783
18	\$335,637	\$20,138
19	\$379,217	\$22,753
20	\$427,591	\$25,655
21	\$481,286	\$28,877
22	\$540,887	\$32,453
23	\$607,045	\$36,423

default watermark

24 \$680,480 \$40,829

## 2 ways to turbocharge your way to +\$40,000 of annual income

### Do you already have savings?

If you already have some nice nest egg saved, you can greatly cut down the number of years required to get to \$40,000 annual income.

For example, if you have a \$100,000 nest egg, that'll land you in Year 9. So, you can cut down nine years of investing. Using this strategy by converting that \$100,000 to invest in proven stocks that offer a safe 6% yield and 5% dividend growth, you can achieve more than \$40,000 of annual income in less than 15 years.

### Reinvest the dividends

By reinvesting the dividends you receive into more dividend stocks, you can achieve your goal of \$40,000 of income per year even sooner!

Since you already have a juicy 6% yield and stable 5% growth from your original investments, you might opt to reinvest dividends in higher-growth stocks, such as [Alimentation Couche-Tard](#), to diversify your portfolio and spur greater dividend growth.

#### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Stocks for Beginners

#### TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)

#### PARTNER-FEEDS

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

#### Category

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Stocks for Beginners

**Date**

2025/08/21

**Date Created**

2019/08/11

**Author**

kayng

default watermark

default watermark