



How to Get \$900 in Monthly TFSA Income Today

Description

Canadian retirees and other income investors can take advantage of the tax-free aspects of the TFSA to collect a solid stream of income to supplement CPP, OAS, and company pension payments.

Any Canadian resident who was at least 18 years old in 2009 now has up to \$63,500 in [TFSA](#) contribution room. That means a couple has \$127,000 available to earn tax-free income on their savings.

Let's take a look at three dividend stocks that offer an average dividend yield of 8.5% right now that would generate monthly average income of about \$450 per person, or \$900 for a Canadian couple.

Vermilion Energy

Vermilion Energy ([TSX:VET](#))([NYSE:VET](#)) is a Canadian oil and gas producer with assets located in Canada the United States, Europe, and Australia.

Weak oil and natural gas prices have put pressure on the company's margins, and a pipeline issue at a French refinery earlier this year put a dent in cash flow in the second quarter.

The stock arguably comes with some risk, as a continued downturn in oil and gas prices could put the generous dividend in jeopardy of a cut. So far, management remains committed to maintaining the payout, saying the projected cash flow from ongoing operations should support the capital program and the distributions.

The stock currently provides a dividend [yield](#) of 13.7%.

Power Financial

Power Financial (TSX:PWF) is a Canadian holding company with interests in wealth management and insurance businesses in Canada and a stake in a European holding company that invests in some

of Europe's top global firms.

The stock price is down amid the recent pullback in the broader financial sector, but the subsidiaries are solid businesses that continue to generate steady results.

Power Financial raised the dividend by 5% earlier this year and completed large share buyback. The stock appears cheap today and provides a 6.6% yield.

BCE

BCE ([TSX:BCE](#)) ([NYSE:BCE](#)) is a more conservative pick and provides a nice hedge against potential volatility in the other stocks. The shares trade near the 12-month high and should benefit from the trend towards lower interest rates.

BCE generates strong free cash flow, and investors should see steady dividend growth of at least 5% per year over the medium term. The stock currently provides a yield of 5.2%.

The bottom line

An equal investment in Vermilion Energy, Power Financial, and BCE would pay an average annualized yield of 8.5% at current share prices. In a combined TFSA portfolio of \$127,000, this would provide a Canadian couple with annual tax-free income of nearly \$10,800 or about \$900 per month.

CATEGORY

1. Dividend Stocks
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4. TSX:VET (Vermilion Energy Inc.)

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