



TFSA Investors: How You Can Earn \$500/Month With Less Than \$100k

Description

There are a few reasons why every Canadian should be aggressively saving inside their TFSAs.

Firstly, putting money aside for retirement is a good thing. Yes, the Canada Pension Plan and other government programs should still be there for folks when they decide to retire, but it's pretty tough to have a [nice, middle-class retirement](#) on government subsidies.

RRSPs are a good retirement savings vehicle, which are made doubly attractive because regularly contributing will also help minimize your taxes today. The only problem is while any gains made in the account are tax-free, you'll still end up paying taxes on any amounts that are withdrawn. You'll have to carefully manage your finances later to avoid paying big taxes.

I recommend lazy investors just max out their TFSAs instead. They'll never have to worry about the tax implications of the account unless the federal government changes the rules, a decision that is unlikely because it would be incredibly unpopular among middle class voters.

Despite TFSAs only being around for a decade, a maxed-out TFSA is likely sitting on some nice gains. Many folks are flirting with \$100,000 in assets in their accounts. Some of these successful investors — especially those close to retirement age — are looking to convert that capital to a steady income stream.

This is very possible, especially if you invest your TFSA into some of Canada's top dividend stocks. In fact, a TFSA flirting with \$100,000 in total assets could easily churn out \$500 per month in income by doing just that. Let's take a closer look at a couple stocks that'll help make this goal a reality.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is an energy services behemoth. It owns some of North America's largest oil pipelines, a large network of natural gas pipelines, and its different natural gas services combine to make it one of North America's largest utilities.

I'm no fan of oil producers, swearing off most of them in my portfolio (there's one [notable exception](#)). But I'm a big fan of pipelines, since the latter is constrained by government regulations and vocal environmentalists. Nobody wants a pipeline going through their backyard despite the industry's solid safety record. This protection from new competition is exactly what I want to see from my investments.

Enbridge shares also trade at a low price-to-distributable cash flow ratio, telling me it's a good time to buy the stock. And you can't beat the dividend, which currently checks in at a robust 6.7%. It would take an investment of just over \$90,000 to generate \$500 per month in Enbridge dividends.

Capital Power

It seems like **Capital Power Corporation** ([TSX:CPX](#)) isn't really a big deal outside of its Edmonton home base, which is a shame. It has quietly transformed itself from an unwanted asset into an interesting growth story.

A few years ago, Alberta's newly-elected government made the decision to phase out all coal-fired power plants from the province by 2030. As one of the largest owners of these power plants, Capital Power was hit hard. Investors weren't sure about the company's future.

But things gradually got better. Capital Power started receiving payments from the government to compensate it for the early retirement of these coal plants. The company came up with a plan to convert these power plants into gas-fired facilities, too. It used its pristine balance sheet to start expanding into natural gas-fired and wind-generated power assets. And it kept increasing its dividend, which helped it attract income lovers.

Currently, Capital Power shares yield a robust 6.3%. This means you'd have to invest a hair over \$95,000 into the stock to generate \$500 per month in passive income.

CATEGORY

1. Dividend Stocks
2. Investing

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