TFSA Investors: Make $500 Per Month in Tax-Free Income

Description

It shouldn't be a secret that the Tax-Free Savings Account (TFSA) is a gold mine if you use it correctly. Investors have had the option for a decade now to put away cash, invest properly, and see their returns come in tax free.

As of writing, the contribution room for a TFSA is now $63,500, which is a heck of a lot of coin to use toward some strong investments.

And now is also a great time to take advantage of that contribution room by investing in stocks that are both a bargain, and also offer incredible dividends. Dividends are an excellent way to bring in even more cash and reinvest into your TFSA to bring in significant returns over the long term.

Luckily, there are three great examples of dividend kings that are also great bargains. Combined, these stocks could easily bring in $500 per month in tax-free income.

Enbridge

Enbridge Inc. (TSX:ENB)(NYSE:ENB) has been unnecessarily beaten down in the markets lately. The company is supported by long-term contracts that will see its finances and dividends remain strong for decades.

As well, the company is in growth mode, with $16 billion in secured projects that should be completed by 2021 and $3 billion more after that.

The stock has suffered industry amid a volatile oil and gas industry and the lack of pipelines, which means that Enbridge's projects are needed more than ever.

So now and in the future, this company's strong dividend yield of 6.47% will continue to be supported, with the company increasing that dividend by 8-10% annually through to 2021.

BCE

Another strong option is **BCE Inc.** (TSX:BCE)(NYSE:BCE), Canada's largest telecommunications company and one that has come out in the lead among its few competitors.

BCE has introduced its fibre-to-the-home network and is in the process of bringing this incredibly fast network across Canada, putting it far and away ahead in the telecommunications game, bringing on more recurring revenue every day.

Again, this company should continue its strong and steady pace for the foreseeable future. BCE offers a 4.99% dividend yield as of writing, with annual growth average about 5.5% over the last five years.

CIBC

Finally, we have the **Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM), another stock beaten down for belonging to the wrong industry. Financial institutions have been hit hard with an incoming recession, and CIBC has been one of the hardest as it's Canada's most Canadian bank.

Yet just because there might be a blip in the future doesn't mean you should ignore this stock all together. In fact, looking at the last recession, this stock came back swinging in no time.

That leaves its whopper dividend yield of 5.46% up for grabs, with annual growth of 8.75% over the last five years. It may not be the top Big Six Bank, but its dividend still is.

Bottom line

In order to reach that $500 per month point, you'll need to bring in a total of $6,000 in annual dividends. That will take a large investment, so if you and your partner are able to both use your TFSA contribution room, you should be able to reach that point. Here's how it breaks down.

Company	**Investment**
Enbridge	$31,093.08
BCE	$40,320.90
CIBC	$37,149.82

So there you have it. By investing a total of $108,563.80, you and your partner can bring in $500 per month in dividends and still have room to invest elsewhere.

CATEGORY

1. Bank Stocks
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TICKERS GLOBAL

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2. NYSE:CM (Canadian Imperial Bank of Commerce)
3. NYSE:ENB (Enbridge Inc.)
4. TSX:BCE (BCE Inc.)
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