

## TFSA Investors: Lock in This \$593/Month Passive-Income Stream Today

### Description

Anyone who's told you that you have to work hard to earn a good income clearly hasn't heard about passive income. I think it's a much better idea to get my money working hard to earn a good income for me. Here's how to put passive investing and dividends to work in your TFSA, so you can have a more comfortable life as time goes by. Maybe you could even retire earlier than you had planned!

To build a truly passive-income stock portfolio, you need to make sure your diversified income stream is secured by buying shares of companies that will grow their profitability over time. Even better, such companies should increase their dividend payouts so that your passive-income stream will actually increase every year.

### Which dividend stock to choose?

There's a lot to like about **Inter Pipeline** (TSX:IPL). It's a top-tier energy infrastructure business with tremendous growth potential, and it has a track record of delivering large-scale projects on time and on budget.

Inter Pipeline's existing energy infrastructure assets are reliable operations that generate stable cash flow to support the company's dividend. Currently, Inter Pipeline has most of its investment dollars tied up in the Heartland Petrochemical Complex project, which is why its most recent dividend hike was only 1.8%. But any increase is better than none.

Although the Heartland project is not expected to come online until 2021, investors don't need to worry about the safety of the payout. Inter Pipeline's payout ratio so far in 2019 is comfortably under 78% of funds from operations.

Once Inter Pipeline completes Heartland, there will be a huge influx of cash flow and the company will likely make a big increase in the dividend.



## Collect \$593/month

Inter Pipeline currently pays a monthly dividend of \$0.1425 per share — a payout that the company has increased for 10 consecutive years with an awesome dividend growth rate of more than 7%! The current yield is just over 7%, too.

With the Canadian stock market delivering average returns of 7% per year, Inter Pipeline is a huge gift to investors looking for income.

Let's imagine you've [invested well](#) and now hold \$100,000 in your TFSA. If you put the whole amount in Inter Pipeline, that would buy you 4,164 shares. This would be enough for a tax-free passive-income stream of \$593 every single month.

Perhaps you don't have \$100,000 in your TFSA, or you don't want to put all your eggs in one basket. That's fine as well. A better strategy perhaps is to get a \$100 per month passive-income stream, by making a \$16,855 investment in Inter Pipeline. That's both much more doable and more reasonable for diversification purposes.

## Foolish takeaway

A TFSA filled with excellent income stocks like Inter Pipeline will serve you well whether you're in retirement or the accumulation phase. If you consistently save every month for more than 20 years, you will be able to create an account with many [different dividend stocks](#) that will all contribute to your river of passive income. I can't picture an easier life than that.

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