



## TFSA Users: Earn \$1,056/Year in Tax-Free Income the Easy Way

### Description

TFSA investors are always on the prowl for affordable stocks that pay decent dividends to boost after-tax income. A combination of **Exco** ([TSX:XTC](#)) and **TransAlta Renewables** ([TSX:RNW](#)) will not set back your budget. The total is only \$23.20 per share, but the average dividend is 5.28%.

If Exco pays 4.23% dividend and TransAlta pays 6.33%, a \$10,000 investment in each would translate to an \$88 monthly after-tax income. The amount should be a [welcome relief](#), as it's more than \$1,000 on an annualized basis.

### Unheralded auto stock

You don't hear much about Markham-based Exco, because the auto parts industry is dull in the present. Business is not spectacular, but the company has never been in the red in the last four years.

This \$345.7 million company is well known within the auto parts industry or automotive space. Exco's core segments are Casting and Extrusion and Automotive Solutions.

The first segment takes care of designing, developing, and manufacturing die-casting and extrusion tooling and consumable parts for aluminum die-casting and aluminum extrusion machines.

The other segment is the producer of automotive interior components and assemblies that are for sale to tier-one auto suppliers and automotive manufacturers. Exco's operations are far and wide. Its reach extends beyond North America.

The company has a presence in Europe, Mexico, South America, Asia, and other markets. If your measure of a good investment is consistent revenue and profits, Exco generates both. The dividend is quite decent and can help you grow your TFSA balance.

### Blossoming IPP

TransAlta is relatively new in the utilities-renewable industry, although the stock is already popular with TFSA investors. This \$3.92 billion company that develops, owns, and operates renewable power-generation facilities pays a juicy 6.33% dividend.

You would know that this independent power producer is a gem of a stock, because it will only take 11.5 years to double your nest egg or retirement savings. The dividends from TransAlta can also serve as your second pension if need be.

Also, you can expect TransAlta to deliver recurring revenue for years because of its facilities that can generate power from various renewable energy sources. Furthermore, its assets are with long-term contractual arrangements.

If the demand for wind or hydro energy increases, TransAlta has 21 wind facilities and 13 hydroelectric facilities to meet the demand. All in all, the company's total generating capacity is 2,414 megawatts. TransAlta is only seven years old and is just starting to blossom. Many opportunities are waiting soon.

## Great investment alternatives

Exco and TransAlta Renewables are two dividend stocks that are worthy additions to the TFSA. If you follow the strategy to produce an annual tax-free income of \$1,056, make sure you time the purchases and not exceed the TFSA annual contribution limit.

The scheme illustrates your earnings potential if you include both in your stock portfolio. You have an outstanding auto stock in Exco and a flourishing independent power producer in TransAlta Renewables.

If you're a [TFSA investor](#), you don't need to look far or elsewhere for affordable, income-producing assets.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:RNW (TransAlta Renewables)
2. TSX:XTC (Exco Technologies Limited)

### PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

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