



1 Ultimate Stock to Boost Your Monthly TFSA Income

Description

Canada is one of the countries in the developed world with a debt to income ratio reaching a critical level. It is no secret that the average Canadian can't earn enough to pay off their debt, leading to an increasing debt crisis.

Relying on the paycheck from your job alone can become a critical mistake. Yes, there are strategies to prioritize your expenses and increase your savings. But, the problem is that many Canadians are [making the mistake](#) of letting their savings sit idle in cash.

Today I'm going to discuss a strategy that can help you use your savings to generate a passive, secondary source of income to boost your overall monthly earning.

Making your money earn for you

The Tax-Free Savings Account (TFSA) was introduced 11 years ago by the Canadian government to encourage Canadians to save more money. TFSAs allow you to store assets within it without paying any taxes or maintenance charges. Additionally, you will not incur any income tax through earnings coming from assets stored within your TFSA.

With the additional \$6,000 update in 2020, the total contribution room in your TFSA stands at \$69,500. Allocating a portion of that contribution to a high yield dividend-paying stock can allow you to earn passive income through dividend payouts tax free!

To this end, I'm going to discuss a stock that fits the portfolio of the ideal investment for storing in your TFSA, **TransAlta Renewables Inc.** ([TSX:RNW](#)).

Renewable energy to renew your income

TransAlta is an exciting new stock for TFSA investors to consider if they are looking to boost their passive monthly income. The energy sector is a subsidiary of **TransAlta Corporation** that has a focus

on revolutionary green energy initiatives. The company is capitalizing on the green energy bandwagon that's expected to ramp up in the new decade.

At the time of writing, the stock has surged by more than 42% year over year to trade for \$16.49 per share. It is a relatively new stock on the stock market right now.

Despite being in its nascent stages trading on the **TSX**, the stock's phenomenal growth and dividends make it a highly attractive option to consider.

It's a robust company with a five-year compounded annual growth rate of a respectable 12.76% and an EBITDA of \$282 million. TransAlta Renewables has a great balance sheet from 2019 moving into the new decade, which is good news for shareholders who can expect the shares to appreciate further this year.

Foolish takeaway

Perhaps the most attractive aspect of the company is the fact that it is gearing up for energy requirements in the coming years. The renewable energy sector offers plenty of promise for operators that can capitalize on it early on. TransAlta Renewables has an attractive dividend yield of 5.70% at writing.

Between its potential for appreciation and high dividend yield, TransAlta can be a fantastic addition to your TFSA for [boosting your passive income](#) presently. It can also increase your overall wealth in the long term.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. TSX:RNW (TransAlta Renewables)

PARTNER-FEEDS

1. Business Insider
2. Msn
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