



TFSA Investors: How to Make \$400 Monthly With \$69,500

Description

Dividends are a great way to generate a passive income. Such an income stream will be highly useful in uncertain times like job losses or market crashes. Interestingly, investors can hold dividend stocks in their Tax-Free Savings Accounts (TFSA), as the total return generated from them will be tax-exempt even at withdrawal.

Let's see how investors can generate a monthly tax-free passive income with **TSX** stocks.

Pembina Pipeline

Energy midstream company **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)) has been paying stable, monthly dividends for years. It is currently trading at a dividend yield of 7.2%, higher than TSX stocks at large.

If one had invested \$69,500 in Pembina stock at the beginning of 2020, they would now receive \$417 in monthly dividends.

The energy infrastructure company has little direct exposure to volatile crude oil prices, making it a comparatively safe bet. Higher oil production and greater demand from refineries work as the best combination for energy infrastructure companies like Pembina.

Pembina has a diverse asset base that has helped it achieve consistent growth all these years. Its scale, operational efficiency, and a strong balance sheet make it an [attractive investment bet](#) for long-term investors.

TransAlta Renewables

A \$3.8 billion **TransAlta Renewables** ([TSX:RNW](#)) is engaged in developing and operating renewable power generation facilities. It is the country's largest wind power producer and has operations in Canada, the U.S., and Australia.

It offers a dividend yield of 6.6% at the moment, which means an investment of \$69,500 would generate a monthly dividend of \$385. Notably, TransAlta managed to increase its dividends by 6% compounded annually in the last five years. Along with superior yield, RNW's dividend growth rate also stands out among peers.

TransAlta Renewables has huge growth potential for the future, as clean energy consistently penetrates global energy markets. Notably, TransAlta stock has soared almost 40% since its record lows in March.

AltaGas

AltaGas ([TSX:ALA](#)) is a utility and an energy midstream company. It yields 6% at the moment, notably higher than peer TSX stocks.

With an investment of \$69,500, AltaGas would generate a dividend of \$350 per month in 2020. It trimmed dividends in December 2018 and has been consistent with payouts since then.

AltaGas processes and delivers natural gas in Canada and the U.S. states of Alaska, Michigan, and Washington State metropolitan area. Its utility segment serves more than 1.6 million customers. Its utility segment provides stability, while the midstream business offers growth.

AltaGas exhibited superior financial performance in the last few years. In the fiscal year 2019, AltaGas reported a net income surge by a handsome 66% compared to 2018.

Despite its recent rally, AltaGas stock looks attractive from the valuation standpoint. Its strong earnings growth potential and stable [dividend profile](#) make it a worthy consideration for long-term investors.

Notably, total returns generated within the TFSA account will be tax-free throughout the life of the investment. Investors should note that the TFSA contribution limit for 2020 is \$6,000. Those who have never contributed to the TFSA can put in \$69,500 this year.

An equal investment of \$69,500 into these three stocks can generate approximately \$4,800 in annual dividends.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:ALA (AltaGas Ltd.)
3. TSX:PPL (Pembina Pipeline Corporation)

4. TSX:RNW (TransAlta Renewables)

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