Canada Revenue Agency: Earn $397/Month TFSA Income the CRA Can't Touch

Description

The Tax-Free Savings Account (TFSA) is the top choice of Canadian investors, and for good reason. Since 2009, the Canadian government has increased the TFSA contribution limit again and again, adding thousands for Canadians to invest. Luckily, as long as you follow the rules, the government can't touch of penny of your TFSA.

Despite the title, it's more than just a savings account. There's a reason the TFSA contribution limit isn't endless. Here, I'll go over the goal of a TFSA for both the government and investors, and what you should be investing in for decades — especially if your goal is monthly income in the triple digits.

The TFSA's purpose

First, let's look at the goal of the TFSA according to the government. Back in 2009, when it was introduced, the TFSA contribution was a measly $5,000. Each year, that limit has increased to where today, over a decade later, it's at a whopping $69,500! So, why only a little at a time?

As I said, this isn't a savings account. It's an investing account. The goal is for Canadians to invest in Canadian companies. If you do that, you stand the chance of creating a bigger Canadian company, which the Canada Revenue Agency (CRA) can tax even more! But if it gave you endless room, you could make a lot of money, all tax free. Even today, the CRA is figuring out the grey area of when it can actually say you've earned *too* much tax free cash. But as long as you're investing Canadian, not cheating the system, and staying within the TFSA contribution limit, you should be fine.

So, the goal of investors should be to find the stocks that will make them strong returns for years, even decades, to come. These companies should be well known in the industry, with a solid future outlook and dividends to boot. Sure, you could invest in a risky stock and make huge returns. But here at the Motley Fool, we recommend buying and holding stocks. That leaves far fewer chances of losing everything in a decade or two.

A top TFSA choice

If you're looking for a company to bring in solid passive income, and with a huge potential for growth in the next few decades, then I would highly consider **Nutrien** (TSX:NTR)(NYSE:NTR). The company provides crop nutrients around the world. With less and less arable land available, that means countries will be going to companies like Nutrien to help keep land alive.

Why Nutrien? Because it's already acquiring crop-nutrient companies all over the place, taking up the market share. The company remains stable, even during this pandemic and economic downturn, actually decreasing total debt. Meanwhile, shares are actually up for the year, with an increase of 7.54% in the last year alone.

What's great is that this company is new but has taken over its market. With a market capitalization of only $36 billion, it has so much more room to grow in this industry worth $66 billion in the next few years. And, of course, during that time investors will receive a top dividend of 3.8% as of writing.

Bottom line

To get to your goal of $397 per month in passive income, that means you would have to bring in $4,760 per year. To do that, you would need to invest in 2,000 shares as of writing. That can't be all kept in your TFSA given the TFSA contribution limit of $69,500. However, if you and your partner team up, you can certainly invest the $126,000 it would take and still have some room to spare! Meanwhile, if returns increase at the current rate, you could also see your investment increase to $136,080. That's a grand total of $14,840 in returns, including dividends, all within one year.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:NTR (Nutrien)
2. TSX:NTR (Nutrien)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Coronavirus
2. Dividend Stocks
3. Investing

Date
2025/08/05
Date Created
2020/11/28
Author
alegatewolfe