



## CRA: Earn \$500/Month TFSA Income in 2021 the CRA Can't Touch

### Description

The Tax-Free Savings Account (TFSA) is one of the top choices for several Canadian investors. This registered account was introduced in 2009 and the Canada Revenue Agency has increased the TFSA contribution limit over the years allowing residents to invest thousands of dollars.

In case you are aware of the contribution limits and other investing rules, the CRA will not be able to tax any withdrawals from your TFSA.

### What is the TFSA?

The TFSA is more than a savings account and the Canada Revenue Agency has set the contribution limit at \$6,000 for 2021. This takes the cumulative TFSA contribution room to \$75,500 at the start of 2021, up from just \$5,000 back in 2009.

The TFSA is an investing account and allows you to invest in stocks, bonds, GICs, mutual funds, and ETFs. As any TFSA withdrawals in the form of dividends, interests, and capital gains are exempt from Canada Revenue Agency taxes, it is an ideal account to hold quality dividend-paying companies.

Here, investors can benefit from a steady stream of dividend income as well as from capital gains over the long-term. Canadians need to identify companies that will generate strong returns for multiple years.

This means investors can look to buy large-cap stocks that have a large economic moat, a strong balance sheet, and a robust business model. Dividend-paying companies should generate stable cash flows across business cycles that will help them sustain payouts.

### A top choice for your TFSA

If you are looking for a company that can provide you with passive income and market-beating returns, it is difficult to ignore energy giant **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)). The diversified energy heavyweight [has a juicy forward yield](#) of 8%. This means if you invest \$75,500 into this stock you will

generate \$6,040 in annual dividends indicating a monthly payout of just over \$500.

The energy sector has been hit hard amid the pandemic which means ENB stock is trading 30% below its 52-week high. Now analysts tracking the stock have a 12-month average target price of \$50.5 for Enbridge suggesting the stock is trading 24.5% above its current price.

In case Enbridge stock reaches its target price in the next year, your investment will balloon to \$94,000 which means total returns will be closer to \$25,000 after accounting for dividends.

Enbridge's business model allows it to derive stable cash flows as they are backed by long-term contracts and regulated rates. It is on track to achieve [the midpoint of its distributable cash flow guidance](#) between \$4.5 and \$4.80 which means it's valued at nine times cash flow.

Enbridge will invest between \$5 billion and \$6 billion each year to expand its asset base due to its strong balance sheet and conservative dividend ratio. These cash-generating assets will allow Enbridge to support its dividend increases in the upcoming decade.

Enbridge is also investing heavily to expand its portfolio of renewable energy assets making it a top long-term bet for your TFSA.

## CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

## TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)

## PARTNER-FEEDS

1. Business Insider
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