



CRA: Earn \$1,459/Month TFSA Income the CRA Can't Touch

Description

The Tax-Free Savings Account (TFSA) has to be the most important tool in a Canadian investor's arsenal. The TFSA allows investors to put aside cash each and every year and take in returns and dividends tax free. As long as you follow the straightforward rules, you really can't go wrong.

Since 2009, the Canada Revenue Agency (CRA) has added more and more contribution room to the TFSA. Recently the CRA announced it would add a further \$6,000 to the TFSA. That will bring the 2021 total to \$75,500! In a volatile market, if you're able to max-out on your TFSA, you absolutely should. All that cash can be invested and kept safe until after the market rebounds.

Know your limit

Play within it. That's the \$75,500 I mentioned earlier. This is the main place where investors can get tripped up, and it's why I'm going to briefly discuss it here. Before you make any investments, check online through the CRA MyAccount, or simply call the CRA to see how much contribution room you have.

After all, there are limits for a reason, so find out your limit, and then be careful! Once you hit that limit, it's done: *even if you take out money later on*. Again, this is a problem investors hit. If you invest \$75,500 and then take out \$10,000, you now have to wait until 2022 to invest again. You've hit the limit, that's it. You're done. You can't buy and sell and buy and sell, or that also would break the rules.

If you do break that rules, you'll be subject to a 1% tax on the excess contribution until it's corrected. But as long as you're careful, you can certainly bring in strong passive income now, and years from now! All tax free.

Start earning!

The [energy](#) sector is where investors want to be over the next few years. That comes from two areas. First, there's oil and gas. There will be a rebound, absolutely, and if you're looking to take out your

cash in the next few years this is a great place to invest. There are returns, there are dividends, it's an investor's dream. That is, unless you want a long-term stock.

Let's say you want a stock that's going to last you decades. I would not go the oil and gas route. Instead, I would look to green energy companies. These companies are seeing massive investment from governments around the world, so this is where long-term investors should seriously consider putting their long-term cash.

A strong option backed by the support of a global powerhouse is **Brookfield Renewable Energy Partners LP** ([TSX:BEP.UN](#))([NYSE:BEP](#)). Brookfield may look like a new stock, but its supported by the weight of **Brookfield Asset Managers**, a group that has assets around the world and has been creating green energy projects since 1890!

What this means is Brookfield has the cash to create large projects on its own, but will now have more money coming from government sources. It's likely to be leading the pack when it comes to creating green energy projects because of this money on hand. It's why it can already support a solid 3.02% dividend yield as of writing.

Bottom line

Brookfield energy has seen a 290% return in the last five years, and 55% this year alone — a compound annual growth rate (CAGR) of 58% in the last five years, making it a solid bet for returns. However, when it comes to passive income you can also make a killing.

If you were to invest \$30,000 into Brookfield in your TFSA on Jan. 1, 2021 at today's prices, you would bring in \$956 in annual passive income. That comes out to \$80 per month. Add onto that the expected return, and that's an increase of \$16,556 per year. Add that together and now you have \$17,512 in annual returns, or a whopping \$1,459 per month!

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
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