



## Tax-Free Passive Income: How to Earn \$13.5 Per Day in 2021 Sitting at Home

### Description

The pandemic reiterated the need for multiple income sources, as many Canadians lost their jobs, especially those in aviation. Many people started a home business, learned a new skill, did some **Amazon** deliveries, or took an online course to prepare for the next level. But most people started preparing for passive income, where your money works for you, while you sit at home and pursue your hobby.

The 2009 financial crisis inculcated the savings culture among people, as many banks went bust because of sub-prime loans and mortgages. Three companies showed their resiliency in 2009 by increasing their dividend per share, and they did the same in 2020. Dividends are a great way to earn passive income.

### Earning passive income from Enbridge and TC Energy

**Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) has a 26-year history of paying incremental dividends. It manages to do so from the tariff it collects for transporting oil and natural gas through its pipelines. It also has exposure to natural gas storage and renewable energy production.

**TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) is in the same business as Enbridge, but the former has a higher exposure to natural gas and generates power from nuclear and natural gas. TC Energy has a [20-year history](#) of paying incremental dividends.

Both the companies earn more than 95% of their revenue from contracted transmission volumes, which keeps their cash flow steady. They increase their cash flow by building new pipelines and energy generation projects and revising their tariffs regularly. This helped Enbridge and TC Energy increase their dividend per share at a CAGR of 12.7% and 6.8%, respectively, in the last 10 years.

Stocks of Enbridge and TC Energy fell 35% and 27%, respectively, in the March 2020 market crash. The two suffered from a sudden dip in oil volumes, because the pandemic-induced lockdown grounded planes and parked trucks and cars. Oil companies were struggling to store inventory. As Enbridge has a higher exposure to oil, its stock took a bigger hit. At that time, their dividend yield surged as high as

9% and 6.5%, respectively.

Stocks of Enbridge and TC Energy recovered more than 30% from their pandemic lows, as the reopening of the economy increased oil demand. This has reduced their dividend yield to 7.5% and 5.7%, respectively. The two companies will continue to pay an incremental dividend and help you earn inflation-adjusted passive income. You still have time to [lock in a high dividend yield](#) before the stocks surge another 25% and return to their pre-pandemic level.

## Canadian Utilities

**Canadian Utilities** ([TSX:CU](#)) goes a step further in diversifying its energy infrastructure. It generates and stores electricity and natural gas, then transmits and distributes it through its infrastructure and sells it to the end consumer. Its integrated business model makes it resilient to price fluctuations.

Even Canadian Utilities increases its cash flow by increasing electricity prices and building new infrastructure. Hence, it has a 48-year history of paying incremental dividends. The pandemic closed many offices, factories, and shops, which reduced energy demand. Its stock fell 40%, which inflated its dividend yield to 6.8%.

However, the stock has recovered 25% from its pandemic lows that have reduced its dividend yield to 5.5%. As energy demand recovers, the stock will surge 25% to the pre-pandemic level. The company will continue to invest in new projects and increase its dividend for the next 10 years.

## How to make \$27/day in passive income

If you invested \$25,000 each in the above three stocks back in 2011, you earned \$7/day in passive income. In 10 years, your income would have almost doubled to \$12/day. Today, the three stocks will fetch you \$13.5/day in passive income. The three companies will maintain their +20 years of history and increase dividends at a CAGR of 6-8%. At this rate, your passive income can double to \$27/day by 2030.

If you invest through your Tax-Free Savings Account, you can enjoy your passive income without worrying about the CRA's tax claws.

### CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Investing

### TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:TRP (Tc Energy)
3. TSX:CU (Canadian Utilities Limited)
4. TSX:ENB (Enbridge Inc.)
5. TSX:TRP (TC Energy Corporation)

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