TFSA Investors: 3 TSX Stocks for a Stable Monthly Income of $440 in 2021

Description

The yearly contribution limit in a TFSA (Tax-Free Savings Account) is set to $6,000 in 2021. However, if you haven't contributed to it, you'll have a cumulative contribution limit of $75,000. As dividends earned in a TFSA are not taxed, investing $75,500 in top dividend-paying stocks could help generate periodic income that could continue to grow with you.

Let's focus on three such top TSX stocks that could help you generate a growing dividend income stream.

NorthWest Healthcare

Income investors could consider buying the shares of **NorthWest Healthcare Properties REIT** (TSX:NWH.UN). It owns a high-quality and diversified healthcare real estate portfolio that generates strong adjusted funds from operations (AFFO). The defensive nature of its portfolio makes it relatively immune to economic cycles and supports its payouts.

Notably, more than 80% of its revenues come directly or indirectly through public healthcare funding. Meanwhile, about 73% of its rents are inflation-indexed. Northwest Healthcare's portfolio occupancy remains high, while its weighted average lease expiry term is about 15 years, which is encouraging and provides visibility over its future revenues.

Besides strategic asset sales, its focus on accretive acquisitions and deleveraging of balance sheet positions it well to deliver strong AFFO per unit and boost unitholders' returns. NorthWest Healthcare offers a monthly payout and is yielding about 6.2% at the current price levels, which is safe.

Pembina Pipeline

Like NorthWest Healthcare, **Pembina Pipeline** (TSX:PPL)(NYSE:PBA) offers monthly payouts that are safe and could continue to increase in the future. The pipeline company operates a low-risk business that is supported through contractual arrangements. Its contracted assets have provisions that eliminate price and volume risk and generate strong fee-based cash flows that drive higher dividend payments.

Pembina Pipeline has hiked its dividends at a CAGR (compound annual growth rate) of 4.2% over the last decade. Thanks to its ability to generate robust fee-based cash flows and recovery in volumes and pricing, it could continue to hike it at a decent pace over the next several years.

Pembina offers an annual yield of 7.2%, which is safe. Meanwhile, a growing backlog, new projects, recovery in demand, and diversified and contracted assets are expected to support its future payouts.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) offers a high dividend yield of 7.6%, backed by its diversified cash flow streams and resilient core business. The company has paid dividends for 66 years and raised the same in the last 26 years at a CAGR of 10%.

Notably, Enbridge projects its DCF (distributable cash flow) per share to increase at an average annual growth rate of 5-7% in the coming years, which is likely to drive its dividends. Investors could expect Enbridge to increase its dividends at a similar pace and boost its shareholders' returns.

Meanwhile, recovery in mainline volumes and continued strength in its renewable power and gas business are likely to support its cash flows and drive its dividends higher.

Bottom line

These companies' dividends are backed by resilient cash flows, which indicates that investors could bet on them for stable periodic income. On average, these stocks offer an annual yield of 7%, implying an investment of $75,500 in these three stocks will generate an income of $440/month.

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2. NYSE:PBA (Pembina Pipeline Corporation)

3. TSX:ENB (Enbridge Inc.)
4. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
5. TSX:PPL (Pembina Pipeline Corporation)

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