



## Dividend Stocks: How to Earn \$250 a Month in Tax-Free Income

### Description

Dividend stocks are extremely popular and some of the best investments because of what they provide. On top of offering you the growth potential of an equity, these stocks are also returning money to you each quarter or, in some cases, each month. And when you buy these stocks in your Tax-Free Savings Account (TFSA), you get to keep all that income for yourself.

Collecting passive income is one of the best feelings. Instead of working for your money, it's time for your money to work for you.

Not all your stocks will pay dividends. However, some of the best long-term investments will. When you buy a stock that doesn't pay a dividend, you're relying entirely on someone else to pay more for that business down the road.

This isn't always a bad thing. For example, [Warren Buffett's](#) company has never paid investors a dividend. However, it's still crucial and part of a well-diversified portfolio for investors to contribute to the long-term compounding growth of their portfolio. That's why [dividend investing](#) is so popular.

### How to earn \$250 a month in dividends

Any dividends are nice, but earning up to \$250 a month is an incredible amount, and one that will set investors well on their way to financial freedom. It's not that difficult either.

To earn \$250 a month in dividends, that's \$3,000 a year. So, for an investor who has \$50,000 in their portfolio, they need to earn just a 6% yield on their portfolio to receive \$250 a month.

If you have more in your TFSA, it will be even easier. Suppose you have \$75,500 — the maximum contribution room for the TFSA. These investors will only need to earn just 4% to receive \$250 a month in dividends.

Several Canadian dividend stocks yield at least 4%. For that matter, there are even several stocks that yield at least 6%. Here are some of the top ones to buy today.

## Top Canadian telecom stock for dividend income

If you want to find high-quality dividend stocks in Canada, a good place to start is in resilient industries. That's why big [telecom stocks](#) with robust sales and major operations make such great dividend stocks.

Several telecom stocks are worth a buy, but the best Canadian stock for dividend income and stability is **BCE** ([TSX:BCE](#))([NYSE:BCE](#)).

BCE is the biggest telecom stock in Canada. Its operations are extremely resilient, and while its wireless and media segments were impacted slightly by the pandemic, the makeup of its business allowed it to continue to earn impressive cash flow and weather the storm.

BCE has made some prudent decisions throughout the last year. The company has continued to spend on infrastructure investments and growth. I think this is the right decision, especially with the changes in the industry, as [5G technology](#) becomes more widespread.

However, because it's such a cash cow, BCE still increased its dividend again, despite the major investments in infrastructure.

That dividend yields more than 6% as of Wednesday's close, which is exactly the yield you're looking for if you want to build a \$50,000 portfolio that can earn \$250 a month.

## Top Canadian royalty stock

Another high-quality Canadian dividend stock that yields over 6% is **Pizza Pizza Royalty** ([TSX:PZA](#)).

Pizza Pizza is the perfect choice for investors who are looking for a high-quality dividend stock. The royalty stock aims to return all its earnings to shareholders each quarter.

Because it receives a royalty payment on sales from each of its more than 700 restaurants across the country, its income is generally highly resilient. So, investors can expect a stable stream of dividend income each month from [Pizza Pizza](#).

Plus, if its restaurants can grow in popularity and grow sales over the long term, you'll see an increase to that dividend payment and an increase in the stock price to match.

So, if you're looking for a highly stable and reliable dividend stock with the potential to grow in the long term, Pizza Pizza is a top choice.

Its stock currently yields 6.35%, making it ideal for an investor with a \$50,000 portfolio looking to earn \$250 a month in dividend income.

### CATEGORY

1. Dividend Stocks

2. Investing

## **TICKERS GLOBAL**

1. NYSE:BCE (BCE Inc.)
2. TSX:BCE (BCE Inc.)
3. TSX:PZA (Pizza Pizza Royalty Corp.)

## **PARTNER-FEEDS**

1. Business Insider
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