TFSA Investors: Buy These 4 Canadian Stocks and Earn Passive Income of Over $350/Month

Description

A Tax-Free Savings Account (TFSA) allows Canadian citizens to earn tax-free returns on a specified amount called a contribution room. For this year, the CRA (Canada Revenue Agency) has fixed the contribution room to $6,000. However, the cumulative contribution stands at $75,500. By investing this amount in stocks that pay dividends above 5.6% yield, you can earn a passive income of $350 per month. So, if you are ready to invest, here are four Canadian stocks that pay dividends above 5.6%.

Enbridge

First on my list is **Enbridge** (TSX:ENB)(NYSE:ENB). The midstream energy infrastructure company has been consistently paying dividends for the last 66 years. It has also raised its dividends for the last 26 straight years at a CAGR of over 10%. Its low-risk, regulated business model and a diverse revenue stream of 40 assets deliver stable cash flows, permitting the company to raise its dividends consistently. The company's forward dividend yield currently stands at 7.1%.

Meanwhile, Enbridge's management has planned to invest around $17 billion from 2021 to 2023, expanding its asset base and boosting its financials. Further, the pickup in energy demand could increase the throughput of its mainline division, supporting its financial growth. Amid these factors, the company's management expects its distributable cash flow per share to grow at a rate of 5-7% through 2023. So, I believe the company is well positioned to continue raising its dividends in the coming years.

Pembina Pipeline

Supported by its integrated assets, **Pembina Pipeline** (TSX:PPL)(NYSE:PBA) offers a full spectrum of midstream and marketing services to the energy industry. The company earns around 94% of its adjusted EBITDA from fee-based or take-or-pay contracts and regulated assets, delivering stability to its earnings and cash flows. These steady cash flows have allowed the company to raise its dividends at a CAGR of 4.9% over the last 10 years. Currently, the company pays monthly dividends of $0.21 per share, representing a forward dividend yield of 6.4%.

Meanwhile, the recovery in oil demand and prices could improve Pembina Pipeline's margins, boosting its cash flows. Meanwhile, the management expects its adjusted EBITDA for this year to come in the range of $3.2-$3.4 billion. So, Pembina Pipeline's dividends are safe.

NorthWest Healthcare

Third on my list is **NorthWest Healthcare** (TSX:NWH.UN), which acquires and manages healthcare properties across seven countries. Given its highly defensive and diversified asset base, the company enjoys high occupancy and collection rate. Its long-term contracts, government-backed tenants, and inflation-indexed rent generates steady cash flows, allowing the company to pay monthly dividends. Currently, its forward dividend yield stands at 6%.

NorthWest Healthcare is looking at disposing of its joint venture in the United Kingdom and deleveraging its balance sheet, which could further strengthen its financial position. Meanwhile, the company is also looking at expanding its geographical footprint in key markets, such as the United States and Western Europe. These expansions could bolster the company's earnings and cash flows.

BCE

My final pick would be **BCE** (TSX:BCE)(NYSE:BCE), which has a long history of paying dividends. The telecom company has announced dividends of $3.50 per share for this year, with its forward dividend yield standing at 5.9%. Amid digitization and increased remote working and learnings, the demand for telecommunication services could rise in the coming years.

Meanwhile, BCE's management is investing in expanding its 5G coverage and fiber and WHI connections to capture the expanding addressable market. These investments could boost the company's earnings and cash flows. Additionally, its financial position looks healthy, with its liquidity standing at $6.5 billion at the end of the March-ending quarter. Given its healthy growth prospects and steady cash flows, I believe BCE would be an excellent buy for income-seeking investors.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:PBA (Pembina Pipeline Corporation)
4. TSX:BCE (BCE Inc.)
5. TSX:ENB (Enbridge Inc.)
6. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
7. TSX:PPL (Pembina Pipeline Corporation)

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