Canadian Investors: How to Earn Tax-Free Passive Income of $375/Month

Description

In this uncertain economic environment, having a secondary or passive income is a good strategy. Meanwhile, investing in high-yielding dividend stocks is a convenient and cost-effective means to earn passive income.

The Canadian government started a Tax-Free Savings Account (TFSA) in 2009 to encourage its citizens to save more. It allows Canadian citizens to earn tax-free income on a specified investment called contribution room, which will be fixed by the CRA (Canadian Revenue Agency) every year. For 2021, the agency has set the contribution room at $6,000, with the cumulative contribution standing at $75,500.

By investing the entire amount ($75,500) in stocks that pay dividends at a 6% yield, you can earn a passive income of over $375 per month. So, here are three Canadian companies with above 6% dividend yields.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is involved in a highly regulated energy transportation and distribution business with over 40 revenue-generating sources. The company earns around 98% of its cash flows from regulated or long-term contracts, which provides stability to its financials. Supported by these steady cash flows, the company has paid a dividend uninterrupted for 66 years while raising it at a CAGR of 10% over the previous 26 straight years.

Meanwhile, the company plans to invest around $17 billion over the next three years, expanding its asset bases. The company is also focusing on increasing its renewable power portfolio. So, given the company's healthy growth prospects and steady cash flows, the company's dividend is safe. Enbridge currently pays a quarterly dividend of $0.835 per share, with its forward dividend yield standing at 6.68%.

Pembina Pipeline

Second on my list would be **Pembina Pipeline** (TSX:PPL)(NYSE:PBA), which provides energy transportation and midstream services. Thanks to its highly regulated business, the company has been paying a dividend uninterrupted since 1997. Over the last 10 years, the company has raised its dividend at a CAGR of 4.9%. Currently, the company pays a monthly dividend of $0.21 per share, with its forward dividend yield standing at 6.19%.

The company's management has planned to make a capital investment of $785 million this year, expanding its assets base. Along with these investments, increased asset utilization rate, rising oil prices, and a substantial backlog of growth projects could boost its financials in the coming quarters.

Pembina Pipeline is also working on completing the acquisition of **Inter Pipeline**, which could increase its monthly dividend to $0.23 per share. So, I am bullish on Pembina Pipeline.

NorthWest Healthcare

Northwest Healthcare Properties REIT (TSX:NWH.UN) is also an excellent dividend stock, which pays monthly dividends of $0.0667 per share, with its forward dividend yield standing at 6.22%. The company owns and operates 186 healthcare properties spread across seven countries. Thanks to its highly defensive and diversified portfolio, the company enjoys high occupancy and collection rate.

Its long-term contracts, government-backed tenants, and inflation-index rent could continue to drive its financials in the coming quarters. Meanwhile, the company is expanding its footprint in Australia, the U.S., and Western Europe. Currently, it is working on completing the acquisition of the Australian Unity Healthcare Property Trust, which owns 62 hospitals and medical facilities. It also looks to strengthen its financial position by raising around $200 million through new equity offerings. So, the company's growth prospects look healthy.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
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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