



## TFSA Investors: 2 Monthly Income Dividend Stocks for Tax-Free Passive Income

### Description

The [Tax-Free Savings Account](#) (TFSA) has rapidly become one of the most popular investment vehicles for Canadians for a wide range of financial goals. Some investors use the tax-free returns to build a retirement nest egg, while others use it to create savings that can go towards major expenses.

Another way to use a TFSA is to create a dividend-income portfolio that can provide them with monthly shareholder dividends to supplement their active income.

The Canadian stock market boasts plenty of stocks that offer shareholder returns through [dividend payouts](#). Most publicly listed companies disburse payouts on a quarterly basis, but there are companies that provide their shareholders with monthly payouts.

Today, I will discuss two monthly income dividend stocks that TFSA investors can use to earn tax-free income to supplement their active income.

### Pembina Pipeline

**Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)) is a midstream company in the Canadian energy sector that provides its peers in the energy sector with end-to-end services. The company uses its extensive pipeline network to transport oil and gas to processing facilities and offers logistics operations to the companies producing the commodities.

The company also plans to purchase the Trans Mountain pipeline owned by the government to expand its already extensive pipeline network further. Between its capital growth programs and strategic acquisition strategy, Pembina Pipeline has the potential to deliver substantial growth through capital gains.

To make things better, the stock provides its shareholders with monthly dividend payouts. The stock is trading for \$41.06 per share at writing and boasts a juicy 6.14% dividend yield.

## TransAlta Renewables

**TransAlta Renewables** ([TSX:RNW](#)) also operates in the energy sector, but it does not work with fossil fuels. The renewable energy giant is capitalizing on the growing shift toward green energy initiatives worldwide to mitigate environmental issues caused by global warming and climate change.

It is no secret that fossil fuels will die out and make way for alternative and more eco-friendly power-generation sources. TransAlta Renewables is well-positioned to be one of the top companies fulfilling the void left behind. The company owns and operates a diversified portfolio of renewable power generation assets in Canada, the U.S., and Australia, with a power-generation capacity reaching 2.6 GW.

The company also provides its shareholders with monthly payouts. The stock is trading for \$18.88 per share at writing and boasts a juicy 4.98% dividend yield.

## Foolish takeaway

Finding monthly income stocks that can provide you with [reliable income](#) is a challenge in the stock market, but it is not impossible. Provided that you can find the right companies that can sustain monthly payouts for years to come, you can secure a secondary income stream that can easily supplement your active income.

You can even consider reinvesting the dividends through a dividend reinvestment plan (DRIP) to unlock the power of compounding and accelerate your wealth growth in your TFSA account to generate even more passive income later on.

Assets like Pembina Pipeline stock and TransAlta Renewables stock can provide you with that opportunity when held as long-term holdings in your TFSA portfolio.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:PPL (Pembina Pipeline Corporation)
3. TSX:RNW (TransAlta Renewables)

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## Author

adamothonman

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