



TFSA Investors: How to Rapidly Grow Your Passive Income to Over \$5,000 a Month

Description

If you are looking to save and invest your money, there has never been a better time to do it. Investors have several high-quality tools to take advantage of that can help grow your money and earn you a significant passive-income stream. Plus, with accounts like the [Tax-Free Savings Account](#) (TFSA), you don't have to worry about paying tax on any of your Canadian stocks.

To maximize your investing potential, there are a few key tips to know right off the bat. First, it's crucial to begin saving and investing as early as possible. In addition, saving as much money as early and often as possible is just as important. The longer you give your money to grow and compound, the faster its eventual growth will ultimately be.

Second, while the market does have some degree of risk, investing doesn't have to be risky if you know what you're doing and buy high-quality stocks. It's only when investors try to speculate and get greedy that they can get themselves in trouble.

Once you're ready to start saving and investing your money, utilizing registered accounts like the TFSA, it's time to start planning how to build your passive-income stream. It's crucial, especially if you're young, that while receiving passive income is attractive, we also want our investments to grow in value, too. So, it's paramount that we find a mix of quality dividend-growth stocks.

How to grow your passive income rapidly

If you start today with \$10,000, for example, and have an average portfolio yield of 4%, you'll be making \$400 a year in passive income, or more than \$30 a month. And over time, if you save and grow your money, it will soon be much more than that.

At the same time, your portfolio should also be growing in value, though. While you may be earning 4% passive income, over the long run, your portfolio could be increasing in value at a 9% compounded annual growth rate (CAGR), which is a reasonable long-term growth rate.

At a 9% CAGR and continuous savings of \$500 a month, or \$6,000 a year, the portfolio could be worth over \$375,000 after 20 years. And due to [compound interest](#) and the potential to rapidly increase the absolute growth rate of your capital, it would take just under 35 years to get to a portfolio value of \$1.5 million, which, at 4% dividend yield, earns investors \$60,000 a year in passive income, or \$5,000 a month.

And if you do this all in your TFSA, you don't have to pay tax on any of that money. So, now that we see the strategy is very straightforward and offers tonnes of long-term growth potential, all that's left is ensuring we buy the stocks that can help us achieve these goals.

A top dividend stock to buy for your TFSA

Not every stock you buy will be on the Canadian Dividend Aristocrats list. However, it's an excellent place to find high-quality dividend stocks to build yourself a stable passive-income stream in your TFSA.

One of the best Canadian Dividend Aristocrats to buy today is **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)). Enbridge is a massive energy giant with diversified operations in several segments. Plus, not only are its operations diversified, but they are also highly robust.

The company's services are crucial to our economy. Furthermore, much of the business it does is contracted. This ensures that Enbridge sees highly resilient revenue coming in, which is why the stock is such a major cash cow and can handle periods of economic turmoil well.

Enbridge is an excellent stock because, first, its shares currently yield upwards of 6.3%, an incredibly attractive yield, especially for its resiliency. However, it's also a company that has increased its dividend every year for over a quarter of a century, so it's an outstanding stock to buy for dividend growth.

Finding several stocks like Enbridge, with high-quality operations that are stable and consistently growing, is the best way to invest for the long run. Over time these businesses will continue to increase the cash they are paying you, helping to rapidly grow your passive income in addition to the value of your portfolio.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)

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Author

danieldacosta

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