



## Earn \$78 in Passive Income Every Week in 2022

### Description

How would you like to cover your grocery bills with passive income in 2022? Assuming you spend an average of \$70 to \$80 a week on groceries, this target seems achievable. Here's how.

### Max out your TFSA in 2022

In 2022, the Tax-Free Savings Account (TFSA) is getting yet another boost. The TFSA contribution room for next year is \$6,000. That means the cumulative maximum contribution for someone who's been eligible since 2009 goes up to \$81,500 next year.

That's a significant sum of money to derive tax-free capital gains and dividend income from. The next step is to find a rock-solid dividend stock to generate reliable passive income.

### Invest in a solid dividend stock

**Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) is an easy example of a reliable passive-income stock. Robust growth makes this a firm favourite on the risk-to-reward front. The bank has carved a niche for itself by operating in markets that the big players are yet to tap into.

Focusing on [Latin America](#) has paid off immensely, going by the bank's impressive financial results in recent quarters. Over the past three months, Bank of Nova Scotia delivered a 74% year-over-year increase in adjusted profit that landed at \$614 million. Net income, however, increased 35% year over year to \$2.559 billion or \$1.97 a share.

### Growing dividends

The bank has [returned to paying dividends](#) following the lifting of the moratorium. Conversely, investors can now enjoy an 11% increase in dividends, which amounts to a dividend yield of 4.77%. The dividend yield could increase with the hiking of interest rates, making it easy for the bank to generate

more free cash flow for distribution.

Additionally, Scotiabank plans to return more value to shareholders through buybacks. It has already announced a repurchase of 24 million shares.

These buybacks and growing dividends should help you generate enough passive income in 2022 to cover your grocery bills. Assuming the bank's dividend yield expands to 5% in 2022, holding the stock in a maxed-out TFSA could generate \$4,075 annually, or \$78 every week, in passive income.

If the bank's business keeps growing at this pace, these dividends could also outpace the rising cost of living next year! That's what makes this such a robust strategy for investors who want to live off their assets.

## Bottom line

The cost of living is rising rapidly. In 2022, most families face the unfortunate prospect of paying more for groceries and essential items. Luckily, there's a way to combat this inflation. The TFSA contribution room is expanding next year, while some dividend stocks are expanding their payouts. Combining a dividend-growth stock with a maxed-out TFSA is the magic formula to tackle inflation.

A maxed-out TFSA deployed in a robust dividend stock like Scotiabank could generate \$78 in passive income every week in 2022.

### CATEGORY

1. Investing

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**Date**

2025/09/11

**Date Created**

2021/12/22

**Author**

vraisinghani

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