



## TFSA Passive Income: How to Get \$315 Per Month Tax Free for Decades

### Description

The [TFSA](#) limit for 2022 is \$6,000. This gives retirees and other investors seeking reliable passive income some extra contribution space to generate tax-free earnings.

### TFSA advantage

The total maximum TFSA contribution space is now \$81,500 per person. All interest, dividends, and capital gains generated inside a TFSA and removed as income are not taxed. This is a big deal for people who find themselves in high marginal tax brackets. It is also meaningful for seniors who collect Old Ages Security and are near or above the net world income threshold the CRA uses to calculate the [OAS pension recovery tax](#), otherwise known as the OAS clawback.

### Best TFSA investments?

Investors have to consider the risks they are willing to take on their invested principal when choosing TFSA investments to generate passive income. A [GIC](#) is 100% safe, but the trade-off is a low rate on the funds. The big banks still don't offer anything reasonably attractive, although some investors with self-directed online [broker accounts](#) can now get close to 2.5% on a five-year GIC from some of the alternative providers.

Even at that rate, investors are not covering current levels of inflation.

Another option is to buy top dividend stocks. Several high-quality companies with long track records of dividend growth currently trade at reasonable prices. Investors have to be willing to ride out market volatility, but the returns for those seeking passive income are attractive.

### Canadian Natural Resources

Oil and natural gas producers might finally be in the early innings of a prolonged recovery in the

market. A steep reduction in exploration and development investments across the globe means oil production might struggle to keep up with demand for the next few years, as the global economy expands. Natural gas demand should also be very strong, as countries increasingly turn to the fuel to replace coal to produce electricity while they ramp up investments in renewable energy.

**Canadian Natural Resources** ([TSX:CNQ](#))([NYSE:CNQ](#)) is a leading producer of both oil and natural gas. The company has raised the dividend for 22 consecutive years with a compound annual dividend-growth rate of about 20%.

The stock price can be volatile when oil and gas prices dip, but buy-and-hold income investors shouldn't have to worry about the payout being cut. The stock still looks cheap at just 12 times trailing 12-month earnings, even after a big rally off the 2020 lows.

At the time of writing, CNQ stock provides a 4% dividend yield.

## BCE

**BCE** ([TSX:BCE](#))([NYSE:BCE](#)) is a leader in the Canadian communications industry. The company has a strong balance sheet and generates solid free cash flow to cover the generous dividend.

A small number of major competitors dominate the Canadian market. This means the powerhouses have the ability to raise prices when they need some extra cash to expand the network. BCE spends billions of dollars on network upgrades and new infrastructure every year to ensure customers have access to world-class wireless and wireline services.

The company has new revenue opportunities emerging with the expansion of its [5G](#) network, so the outlook is good for cash flow growth. BCE stock is a solid defensive play for investors who want to own a business that provides essential services and is generally not impacted by global geopolitical or financial turbulence.

Investors who buy BCE stock at the current price can pick up a 5.3% yield.

## The bottom line on top stocks for passive income

CNRL and BCE are leaders in their respective industries and pay attractive dividends that should continue to grow.

An equal investment in the two stocks would provide an average yield of 4.65%. Getting that return on a basket of top TSX dividend stocks is easy right now. On a TFSA portfolio of \$81,500, the 4.65% yield would provide \$3,789.75 in annual tax-free income. That's more than \$315 per month!

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:CNQ (Canadian Natural Resources)
3. TSX:BCE (BCE Inc.)
4. TSX:CNQ (Canadian Natural Resources Limited)

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