



TFSA Investors: How to Easily Earn \$375 a Month This Year

Description

The [Tax-Free Savings Account](#) (TFSA) is a gift for Canadian investors in many respects. Firstly, and most importantly, you pay no tax on investment gains, interest, or income earned. By pay paying no tax on your investments, you are essentially boosting your annual realized returns by as much as 20% (depending on your tax bracket).

Secondly, since the TFSA has no tax liability, you do not need to report any income to the [Canada Revenue Agency](#). If you invest through your TFSA first, you save yourself significant time sorting through tax forms and capital gains spreadsheets at tax time.

The TFSA is a great way to compound passive income

If you are an income-focused investor, the TFSA is a great opportunity to collect investment income without the hassle of reporting or paying tax. It is an ideal sleep-easy investment strategy. In fact, if you'd invested \$80,000 of your total \$81,500 TFSA contribution limit, you could easily earn \$375 on average of monthly [passive income](#). Here are four diversified TSX stocks that could help you get there.

An energy infrastructure stock

If you put \$20,000 into **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)), you could buy 380 shares for your TFSA today. Right now, this energy infrastructure stock is yielding a very attractive 6.5%. It pays a quarterly dividend worth \$0.86 per share. That means every year you could earn \$1,307 of dividends every year. That is \$109 averaged every month

The great news is, Enbridge also has a strong history of growing its dividend. While it only raised its payout by 3% last year, cash flows are expected to rise in 2022, as several large capital projects come into service. Management has a dividend-growth target of 5-7% for the next several years.

A diversified utility

Another utility-like stock with a unique focus on renewable power infrastructure is **Algonquin Power** ([TSX:AQN](#))([NYSE:AQN](#)). It operates a large gas, power, and water utility business in North America. This is also supplemented by a growing renewable power portfolio. I like its mix of reliable, predictable utilities and higher-growth renewables projects.

With \$20,000 you could buy 1,130 Algonquin shares. It pays a \$0.2125 dividend every quarter. That equals an annualized dividend yield of 4.85%, which is above its historical average. A TFSA investor would earn \$80 when the dividend is averaged monthly. Algonquin targets 7-9% dividend growth for the next four to five years.

A top telecom stock

Telecom stocks have historically been a great source of reliable dividend income. As the largest telecommunications stock in Canada, **BCE** ([TSX:BCE](#))([NYSE:BCE](#)) also pays one of the largest dividend yields. Today, its stock pays an attractive 5.25% dividend yield. That equals a quarterly dividend worth \$0.875 per share.

With \$20,000 invested in this TFSA stock (around 300 shares), you could earn \$1,050 every year, or \$87.50 averaged on a monthly basis. The stock is in a good position to benefit from its 5G network transformation and a return to normal cellular patterns out of the pandemic. BCE has raised its dividend on average by 5.5% for the past 10 years, so investors can expect some steady passive-income upside as well.

A healthcare REIT

A unique real estate stock that could be a good fit for a TFSA is **Northwest Healthcare Properties REIT** ([TSX:NWH.UN](#)). This REIT operates a high-quality portfolio of health-related properties (like hospitals, medical office buildings, and life science properties) across the world. This stock yields 5.8% today. With \$20,000 you could buy 1,470 shares.

It pays a \$0.0667 distribution every month, so that would equal \$98 every month. This REIT has a very stable, highly contracted portfolio of essential service properties. While its payout ratio is higher, its stream of dividends should be relatively safe.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:BCE (BCE Inc.)
3. NYSE:ENB (Enbridge Inc.)

4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:BCE (BCE Inc.)
6. TSX:ENB (Enbridge Inc.)
7. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

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