



TFSA Investors: How to Earn \$8,840 in Annual Passive Income Tax-Free for Life

Description

The Tax-Free Savings Account (TFSA) is arguably the best savings tool Canadians have at their disposal these days. If you were 18 in 2009 and haven't made any contributions yet, you therefore have \$81,500 in contribution room as of 2022. That's an incredible amount of space to make investments. And those investments could help create serious [wealth](#) over the next few decades.

What it takes

TFSA investors simply need to become consistent. That means making consistent payments into their TFSAs. Whether that's bi-weekly, monthly, or annually, the key is to keep things going. Ideally, you could make automated contributions that you won't have to think twice about.

Should you do this, a great place to start is \$6,000 per year, if you can afford it. That would come out to \$500 per month in investments. But of course, that means you have to find the right dividend stock to create [passive income](#) and make that \$500 per month back.

Best passive income stocks for TFSA investors

There are so many options out there for passive income stocks for TFSA investors to consider. It can be quite overwhelming. But let me warn you right away: a high yield doesn't mean it's a great dividend stock. Instead, you want to find a company that delivers solid payments, and has the opportunity to deliver even more.

The best passive income stocks would be those with long track records of both share and dividend growth. Further, they must have solid revenue and profits, and a strong future outlook. So with that in mind, the best choice for TFSA investors may actually be the most obvious.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) raised its dividend by 3% for 2022. This was the 27th year in a row that the energy giant raised its dividend for TFSA investors, making it a Dividend Aristocrat. While it's had higher increases in the past, the recent volatility in the oil and gas market caused the company to be more cautious about growth.

But grow it did. And that's because even with that volatility it has long-term contracts that will see it through decades of growth. Furthermore, it has a development pipeline coming online this year, with more in the works. That includes in the clean energy sector, where Enbridge stock can hopefully move towards even more long-term revenue for TFSA investors.

During the last earnings report, Enbridge stock reported a decrease in year-over-year [earnings](#) to \$682 million, with adjusted earnings increased to \$1.2 billion. Adjusted EBITDA also increased to \$3.3 billion, and it announced several new projects to be on the lookout for.

Furthermore, Enbridge stock later updated its guidance for the year. It reaffirmed its 2021 full-year guidance of EBITDA between \$13.9 billion and \$14.3 billion. Its financial guidance for 2022 EBITDA is expected to be between \$15 and \$15.6 billion. With its next earnings date on February 11, TFSA investors will likely be watching closely. As they should.

The bottom line on top stocks for passive income

Enbridge stock has to be one of the best options for dividend income because of all this solidity for TFSA investors. You can pick it up trading at 18.61 times earnings, and a 6.55% dividend yield. The first dividend payment is due March 1, 2022.

If you were to put \$6,000 towards the stock today, you would bring in \$390 per year in annual income. But let's say you reinvest that dividend income each year, adding a further \$6,000. In a decade, TFSA investors could be bringing in annual dividends of \$8,840 based on today's data, for a portfolio worth about \$135,000!

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Date

2025/09/11

Date Created

2022/01/30

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