



## TFSA Investing: How to Earn an Extra \$373 Per Month in Tax-Free Passive Income

### Description

Canadian investors are using their [TFSAs](#) to generate a steady stream of tax-free passive income.

### TFSA advantage

The TFSA limit increased by \$6,000 in 2022. This brings the cumulative maximum contribution room to \$81,500. That's enough space to build a quality portfolio of top dividend stocks to generate reliable and growing passive income.

All income investors can benefit from the tax-free nature of the TFSA, but retirees who collect Old Age Security (OAS) pensions get extra value. The earnings generated inside the TFSA and removed as income do not get counted by the CRA when net world income is calculated to determine the [OAS pension recovery tax](#), otherwise known as the OAS clawback.

Under the CRA rules every dollar of net world income earned above a minimum threshold triggers a 15 cent OAS clawback. The number to watch for the 2022 income year is \$81,761.

A [GIC](#) is a safe investment to generate TFSA income, but GIC rates are still very low. As a result, many investors are turning to top dividend stocks to get better returns on their savings.

### BCE

**BCE** ([TSX:BCE](#))([NYSE:BCE](#)) just raised its dividend by 5.1%.

The communications giant continues to grow revenue and earnings at a steady pace. Adjusted net earnings increased by 6% in 2021, supported by a 3.3% gain in cash flow from operating activities.

Accelerated investment in new fibre optic lines direct to the premises will provide another 900,000 customers with this high-speed broadband connection in 2022. In addition, BCE spent \$2 billion on

new 3,500 MHz spectrum last year that will drive the expansion of its [5G](#) network.

Management is targeting revenue growth of up to 5% in 2022 and adjusted earnings-per-share growth of up to 7%. Free cash flow could surge as much as 10% this year.

The company's media division saw a nice rebound in revenue last year, and that trend should continue in 2022. BCE could also benefit from higher roaming fees, as business people and vacationers start to take more international trips.

At the time of writing, the dividend provides a 5.5% yield.

## TC Energy

**TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) is a leading player in the North American energy infrastructure [sector](#) with a heavy focus on natural gas pipelines and storage. In fact, TC Energy has more than 90,000 km of natural gas pipelines in Canada, the United States, and Mexico. Additional assets include oil pipelines and power-generation facilities.

The natural gas industry is expected to boom in the coming years, as countries use the fuel to replace coal and oil to generate electricity. Canada and the United States have significant natural gas resources that can be produced at cheap rates. The expansion of liquified natural gas (LNG) terminals enables north American producers to send product to lucrative international markets. TC Energy's infrastructure is the link from the production sites to the LNG facilities.

The company has a \$22 billion capital program on the go that will drive revenue and cash flow growth to support annual dividend increases of 3-5%. At the time of writing, the stock provides a yield of 5.4%.

## The bottom line on tax-free passive income

BCE and TC Energy pay attractive and growing dividends for a TFSA focused on passive income. Getting an average of 5.5% on a balanced portfolio is possible right now and would generate \$4,482.50 per year on \$81,500. That's more than \$373 per month!

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:TRP (Tc Energy)
3. TSX:BCE (BCE Inc.)
4. TSX:TRP (TC Energy Corporation)

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