



## Passive Income: How to Easily Earn \$250/Month in Your TFSA

### Description

If you are looking for passive income to re-invest and compound, the Tax-Free Savings Account ([TFSA](#)) is likely your best bet. By investing through your TFSA, you have zero tax liability for interest, distributions, dividends, and capital gains earned. Likewise, you don't have to report your income to the Canada Revenue Agency, so it helps simplify tax season.

If you like dividend stocks, but don't need the cash to sustain your lifestyle, the TFSA is the optimal account to invest with. In fact, if you have made no contributions and you were 18 years or older in 2009, you can contribute and invest a grand total of \$81,500 completely tax-free!

By owning some reliable [dividend stocks](#), you can build a compounding stream of passive income that can multiply over your lifetime. With as little as \$60,000, you can build a passive income stream that averages \$250 of income every month.

### A high-yielding passive income stock

One passive income stock to consider right now is **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)). It pays a \$0.86 per share dividend every quarter. If you invested \$20,000 into this stock (around 377 shares), you would earn \$324 every quarter, or \$109 averaged every month. Enbridge just posted solid [fourth-quarter earnings](#) and management reiterated its guidance for 5%-10% distributable cash flow per share growth in 2022.

However, the stock dropped 3.5%. Today, it is yielding nearly 6.2%, which is one of the best yields in the market. Enbridge also raised its dividend by 3% late last year. Enbridge has a strong, moat-like energy infrastructure network that enables it to maintain and pay its dividend.

With energy prices rising, it continues to have an opportunity to see increased volumes through its assets. Not only that, but it is investing heavily in renewables, so it is well positioned for a greener energy future.

## Value, income, and growth

Another passive income stock for your TFSA is **TELUS Corp.** ([TSX:T](#))([NYSE:TU](#)). Like Enbridge, it just released earnings and its outlook is exceptional. The company is nearly through building out its fibre network infrastructure. Once complete, it should be positioned for elevated free cash flow growth. It is now very well positioned for the broad deployment of 5G technologies.

Likewise, the company has invested in several digital growth verticals that are providing above-industry growth. This stock has been a great dividend grower, with a track record of increasing its payout by about 8.5% a year for the past 10 years. Today, this stock yields 4.15%.

If you put \$20,000 into TELUS you could own about 630 shares. It pays a \$0.3275 per share dividend every quarter. Averaged on a monthly basis, that translates to \$68.77 of passive dividend income.

## A solid utility for passive income

If you invested another \$20,000 into **Algonquin Power** ([TSX:AQN](#))([NYSE:AQN](#)) you could own around 1,127 shares. Today, this stock is yielding a very attractive 4.8%. That is far above its five-year average yield of 4.3%. Every quarter, investors collect a \$0.2125 dividend. Investors could earn \$239 every quarter, or \$79.83 averaged monthly.

Algonquin stock is down around 21% over the past year. Its valuation is starting to look quite attractive. Algonquin operates a diverse platform of regulated utilities and renewable power projects. The combination of these two segments provides predictable cash flow streams and growth in renewable power demand.

This company has a strong history of growing its dividends and providing stable returns. For a solid long-term passive income stock, Algonquin is a great fit for compounding regular income.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:TU (TELUS)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:ENB (Enbridge Inc.)
6. TSX:T (TELUS)

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