



## TFSA Investors: Earn Tax-Free Returns of \$370/Month With These 3 Dividend Stocks

### Description

The Canadian government introduced the TFSA (Tax-Free Savings Account) in 2009 to encourage Canadian citizens to save more. It has allowed Canadian citizens above 18 to earn tax-free returns up to a specified amount called contribution room. For 2022, the Canadian Revenue Agency (CRA) has set the contribution room at \$6,000. Meanwhile, if you were over 18 by 2009 and had not invested in a TFSA until now, your cumulative contribution room would be \$81,500.

If you invest the cumulative amount in stocks that pay dividends with over a 5.5% yield, you can earn a tax-free passive income of above \$370 every month. So, if you are willing to invest, here are three top monthly [dividend stocks](#) with yields above 5.5%.

### Keyera

Oil prices have declined significantly from last month's highs amid the expectation of a decline in demand due to the reimplementation of lockdowns in China and rising supply due to coordinated release from oil reserves. However, oil is trading still above US\$90/barrel. So, I have selected **Keyera** ([TSX:KEY](#)), an energy infrastructure company, as my first pick.

Analysts are expecting oil prices to trade around US\$90-US\$110/barrel in the near term. The company has committed to invest up to \$610 million this year, including constructing the KAPS pipeline project. So, the company's outlook looks healthy. Meanwhile, its management expects its adjusted EBITDA to grow at a 6-7% CAGR through 2025. So, I believe Keyera is well positioned to continue paying a dividend at a healthier rate.

Meanwhile, its forward yield currently stands at a juicy 5.8%. Also, it trades at an attractive NTM price-to-earnings multiple of 18.7. So, [I believe Keyera would be an excellent addition to your portfolio.](#)

## NorthWest Healthcare Properties REIT

**NorthWest Healthcare Properties REIT** ([TSX:NWH.UN](#)) currently pays a monthly dividend of \$0.0667/share, with its forward yield at 5.6%. Given its diversified and defensive healthcare portfolio, long-term agreements, and government-supported tenants, the company's occupancy and collection rate remain high, irrespective of the economic cycle. So, its cash flows are resilient and predictable, regardless of the economic cycles.

Further, the company also strengthened its balance sheet by [raising around \\$172.5 million](#) through new equity offerings. The proceeds could partially fund its planned acquisition of assets in the United States, worth \$765 million. The company is also expanding its portfolio through new property development and acquisitions. So, given its predictable cash flows and high growth, I believe NorthWest Healthcare's dividend is safe.

## Pizza Pizza Royalty

My final pick is **Pizza Pizza Royalty** ([TSX:PZA](#)), which raised its monthly dividend by 8.3% to \$0.065/share in February. Its forward yield currently stands at 5.6%. Given its highly franchised business, the company's cash flows are less susceptible to market volatilities compared to its peers.

With the Canadian government easing restrictions, the company has reopened its dining spaces and non-traditional restaurants while restarting its new restaurant development. The company's management expects to increase its restaurant count by 5% this year. Along with these initiatives, the company's digital and delivery channels investment could continue to drive its financials in the coming quarters. Considering these factors, I believe Pizza Pizza's dividend is safe.

So, investors can earn a tax-free passive income of over \$370 every month by investing their cumulative contribution room of \$81,500 in these three stocks.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:KEY (Keyera Corp.)
2. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
3. TSX:PZA (Pizza Pizza Royalty Corp.)

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## Date

2025/08/16

## Date Created

2022/04/11

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