



Passive Income: How to Effortlessly Earn \$10/Day Tax Free!

Description

Passive-income stocks have been safe-haven investment for risk-averse investors. Collecting passive income from dividend-paying stocks can be a psychological comfort when times are uncertain. It is a tangible cash reward that is a perfect hedge against the stock market's ups and downs.

Compound passive-income wealth in your TFSA

It can also be a great way to compound wealth over time. If you are not in essential need of the passive income from investments, the [Tax-Free Savings Account](#) (TFSA) is a great vehicle to compound wealth.

Any passive income or capital gain earned in a TFSA is completely tax free. That means anything you earn can be re-invested and compounded.

How to earn over \$10 a day in dividend income

Over time, that snowball effect can generate life-changing wealth. If you are looking for a tax-free way to generate more than \$10 a day of reliable passive income, here is one way to get there.

You'd first need about \$80,000 of capital to start with. Any Canadian who was 18 years or older before 2009 can contribute a grand total of \$81,500 to their TFSA. I would recommend owning a portfolio of at least 10 to 15 stocks, but for illustration purposes you could put \$40,000 into two high-quality dividend-paying stocks and achieve \$10 per day.

Enbridge: A Canadian passive-income stalwart

The first stock you could consider buying for an elevated stream of passive income is **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)). Every three months, it pays a \$0.86 dividend per share. That is equal to an annual 6.15% dividend yield. With \$40,000 invested in this name, you could earn \$615 a quarter, or

\$6.73 per day averaged over a year.

Enbridge is a solid picks-and-shovels way to play the recent energy boom. It transports around 20% of the oil produced in North America. If strong energy pricing continues, it could benefit from increased volumes of oil and natural gas flowing through its infrastructure.

Enbridge is not a high-growth name. However, its [dividend](#) is covered by contracted streams of cash flow. It has successfully grown its dividend over the past 10 years by a compounded annual rate of 11.8%. That dividend-growth rate will likely slow to the mid-single digits. Yet, for a growing stream of passive income and some modest capital upside, this is a solid stock to buy and hold.

Algonquin Power: A safe dividend-growth story

Another passive-income stock that produces growing streams of cash is **Algonquin Power and Utilities** ([TSX:AQN](#))([NYSE:AQN](#)). Algonquin Power owns and operates a diverse array of water, natural gas, and electric utilities across North America. It also has a large and growing renewable power portfolio.

The company has made its bread and butter by acquiring underutilized, carbon-heavy utilities. It cleans up their operations, increases efficiencies, and grows their return profile. It is repeating this formula with a recent large-scale utility acquisition in Kentucky.

This passive-income stock pays a \$0.215 dividend per share every quarter. That equals a 4.52% dividend yield today. If you put \$40,000 into Algonquin stock, you would earn \$452 a quarter, or \$4.95 daily averaged across a year.

The company has grown its dividend by about 10% annually for the past 10 years. Dividend growth may slow to the high single-digit range. However, Algonquin should still provide a great stream of [inflation](#)-protected passive income in the years ahead.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media

6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. kduncombe
2. robbybrown

Category

1. Dividend Stocks
2. Investing

Date

2025/08/26

Date Created

2022/05/04

Author

robbybrown

default watermark

default watermark