Passive-Income Power: How to Churn Out Over $420/Month in TAX-FREE Income

Description

The **S&P/TSX Composite Index** has encountered major volatility in the month of May. This has made it tricky for investors who may be juggling strategies at this stage. Instead of selling in May and going away, today I want to discuss how we can pursue a passive-income strategy. In this hypothetical, we're going to snatch up stocks that will allow us to generate over $420 per month in tax-free income going forward. We are going to need to utilize all $81,500 of our cumulative TFSA room in order to achieve this.

Let's dive in.

This energy stock belongs in your passive-income portfolio

Keyera (TSX:KEY) is a Calgary-based company that is engaged in the energy infrastructure business in Canada. The Canadian energy sector has been on fire in 2022 due to soaring oil and gas prices. Shares of Keyera have increased 16% in 2022 as of close on May 20. Investors on the hunt for passive income should look to this promising energy stock right now.

This dividend stock closed at $33.50 per share on May 20. In our scenario, we will snatch up 810 shares of Keyera for a total purchase price of $27,135. This dividend stock offers a monthly dividend of $0.16 per share. That represents a very strong 5.7% yield. Investors will be able to generate monthly passive income of $129.60 in their TFSA with this investment.

Here's a future stock that offers big dividends

Extendicare (TSX:EXE) is a Markham-based company that provides care and services for seniors throughout the country. Canada's aging population should spur investors to seek out stocks like Extendicare. Its shares have dropped 4.1% so far in 2022. The stock is down 11% from the prior year.

Shares of Extendicare closed at $7.11 on May 20. In our hypothetical, we will buy a whopping 3,820 shares of Extendicare for a purchase price of $27,160. This dividend stock last paid out a monthly dividend of $0.04 per share, which represents a tasty 6.7% yield. These holdings will allow us to churn out monthly passive income of $152.80 in our income-oriented TFSA.

One healthcare REIT that boasts nice monthly passive income

Back in April, I'd discussed why income investors should look to Canadian real estate investment trusts (REITs). Passive-income investors can churn out big returns by targeting top REITs in 2022. The last stock I want to snatch up in our hypothetical TFSA is **Northwest Healthcare** (TSX:NWH.UN). This Toronto-based REIT offers exposure to a portfolio of high-quality healthcare real estate. Its shares have dropped 5.2% so far this year.

Northwest Healthcare REIT closed at $12.96 per share on May 20. We can snatch up 2,095 shares of Northwest for a total of $27,151. It currently offers a monthly distribution of $0.067 per share. That represents a tasty 6.1% yield. This means we can generate passive income of $140.36.

Bottom line

These investments will allow us to churn out total monthly passive income of $422.76 in our TFSA.

CATEGORY

1. Investing

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1. TSX:EXE (Extendicare Inc.)
2. TSX:KEY (Keyera Corp.)
3. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

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