



TFSA Passive Income: How to Easily Make \$350/Month TAX FREE!

Description

The [Tax-Free Savings Account](#) (TFSA) is an amazing tool for Canadian investors wishing to build and grow streams of passive income.

Stocks are a great way to boost your passive income

If you are a retiree or a conservative investor, owning diverse passive-income streams is incredibly important. Many traditional passive-income investments (like rental properties, vacation rentals, or small businesses) are hardly passive. Often, they require a lot of work and attention.

That is why investing in the stock market can be a great alternative. You can buy stocks in quality companies, collect monthly or quarterly dividends, and even earn capital upside. Yet you have no management responsibilities. Likewise, stocks are very liquid. You can buy and sell them quickly and affordably. Liquidity can provide a lot of flexibility.

The one challenge is that liquidity can also make stock markets volatile in the short term. Consequently, anyone buying stocks needs to be patient and have a long-time horizon (three to five years at least).

Compound your wealth by investing through a TFSA

If you want to invest for the long term, the TFSA is perfect. All capital gains and income earned is tax free! It's the best way to keep all your passive income and allow it to compound by re-investing it. Slowly but surely, your passive-income streams could grow and potentially even multiply.

If you want to earn regular streams of passive income, two [reliable dividend stocks](#) to own for the long run are **TELUS** ([TSX:T](#))([NYSE:TU](#)) and **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)).

TELUS: A great outlook for dividend growth

TELUS has a long history of consistently growing its dividend. For the past 15 years, it has compounded its dividend rate by 8.6% annually. Just last quarter, it increased its dividend by 7.1% over the prior year. Today, it pays a \$0.3386 quarterly dividend, which equals a 4.46% dividend yield on an annual basis.

TELUS is one of Canada's largest telecom providers. Everyone needs cellular and internet coverage. It's as crucial as gas or electricity in our modern world. This provides TELUS very consistent annual cash flows that amply support its dividends.

As TELUS completes an oversized investment cycle, it expects free cash flows to drastically increase. TELUS is also gaining strong traction in several of its fast-growing digital business segments. These factors should support strong dividend growth and solid capital returns going forward. That makes TELUS an ideal passive-income stock to hold in your TFSA for years and years to come.

Enbridge: A long history of passive-income returns

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is another top passive-income stock. It has grown its dividend by a compounded annual rate of 12% over the past 15 years. Its current annual \$3.44 dividend per share today is 454% larger than it was in 2007! Today, it pays a very attractive 5.91% dividend yield at its current price of \$58.

Recently, Enbridge's dividend-growth rate has slowed to around 3-7% a year. With a market cap of \$117 billion, it is a huge company. It moves 20% of natural gas consumed in the United States and 25% of the crude oil produced in North America!

As of late, the company has focused on diversifying its operations into renewable power, renewable natural gas, [LNG](#), and export facilities. Its well-rounded business is highly contracted, so it can afford to pay its high-yielding stream of passive income.

The Foolish takeaway

Today, you can contribute a maximum of \$81,500 into your TFSA. If you split that between the two above stocks, you could potentially earn as much as \$4,237.25 a year, or \$350 of passive income monthly.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:TU (TELUS)

3. TSX:ENB (Enbridge Inc.)
4. TSX:T (TELUS)

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Date

2025/09/11

Date Created

2022/06/18

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