Passive-Income Power: How to Make $105/Week TAX FREE in a Bear Market

Description

The **S&P/TSX Composite Index** officially fell into a bear market after plunging over 500 points to open the previous week. That means investors have some decisions to make regarding strategy in the weeks ahead. Today, I want to discuss how Canadians can look to generate passive income in the middle of a market correction. In this hypothetical, we'll look to stash dividend stocks in our Tax-Free Savings Account (TFSA), so those passive income gains will be entirely tax free. Let's jump in.

This energy stock looks undervalued in the new bear market

Keyera (TSX:KEY) is the first dividend stock I'd look to start up our passive-income portfolio. This Calgary-based company is engaged in the energy infrastructure business. Its shares have dropped marginally in 2022 as of close on June 23. The stock has plunged 13% month over month.

In Q1 2022, Keyera reported adjusted EBITDA of $257 million — up from $225 million in the previous year. Meanwhile, distributable cash flow (DCF) rose to $178 million compared to $165 million in the first quarter of 2021.

This dividend stock closed at $28.62 per share on June 23. In our hypothetical, we'll snatch up 950 shares of Keyera in our TFSA for a total purchase price of $27,189. Keyera currently offers a monthly distribution of $0.16 per share. That represents a tasty 6.7% yield. This purchase will allow us to generate weekly passive income of $35.07 going forward.

Passive-income investors may want to snatch up this green energy equity for the long haul

TransAlta Renewables (TSX:RNW) is a Calgary-based company that develops, owns, and operates renewable power-generation facilities. Shares of TransAlta have declined 11% so far this year. The stock is down 20% compared to the same period in 2021.

The company released its first-quarter 2022 results on May 4. Free cash flow increased 9% year over year to $108 million. Meanwhile, it delivered adjusted EBITDA growth of 13% to $139 million. Its cash flow from operating activities was largely flat compared to the previous year.

Shares of TransAlta closed at $16.58 per share on June 23. In this scenario, we can buy 1,600 shares at a total purchase price of $26,528. TransAlta Renewables last paid out a monthly distribution of $0.078 per share, which represents a strong 5.6% yield. That purchase will let us generate tax-free weekly passive income of $28.80 per week with this green energy stock.

One more dividend stock that is perfect for a passive-income portfolio

Freehold Royalties (TSX:FRU) is yet another Calgary-based company. It offers oil and gas royalties to its shareholders. This dividend stock has been mostly static in the year-to-date period. Its shares are up 22% year over year. Funds from operations rose to $71.9 million in the first quarter of 2022 — up from $32.4 million in Q1 2021.

This energy stock closed at $12.07 on June 23. For our final purchase, we'll snatch up 2,300 shares of Freehold Royalties for a purchase price of $27,761. This dividend stock offers a monthly distribution of $0.08 per share, representing a monster 7.9% yield. That means we can generate weekly tax-free passive income of $42.46.

Bottom line

These investments will allow us to generate tax-free passive income of $106.33 on a weekly basis. That is a solid takeaway for investors who are sweating out this bear market.

CATEGORY

1. Investing

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1. TSX:FRU (Freehold Royalties Ltd.)
2. TSX:KEY (Keyera Corp.)
3. TSX:RNW (TransAlta Renewables)

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