



TFSA Passive Income: 3 TSX Stocks to Earn Tax-Free Monthly Cash

Description

Despite the volatility in the stock market, investors can confidently earn monthly passive income. Several Canadian corporations pay a monthly dividend and offer stellar yields, allowing investors to boost their income and offset expenses.

Thus, instead of holding cash in your TFSA, it's prudent to invest in monthly dividend-paying stocks to earn tax-free passive income. Let's consider three TSX stocks that offer monthly dividends and high yields.

Pembina Pipeline

TFSA investors could consider investing in the shares of the energy infrastructure company **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)). Though the COVID-19 pandemic disrupted the energy sector, Pembina's highly contracted assets generated strong fee-based cash flows that comfortably covered its payouts.

Looking ahead, its highly contracted assets, diversified business, and benefits from new assets placed into service will support monthly dividend payouts. Further, increased utilization of its assets, higher commodity prices, and benefits from new assets placed into service will support its cash flows.

It has been paying dividends for about 25 years. Further, it has paid nearly \$11.1 billion in dividends. Additionally, investors can earn a well-covered yield of 5.5% by investing in Pembina Pipeline stock.

NorthWest Healthcare Properties REIT

TFSA investors could consider [investing in REITs](#) for consistent passive income. Among top REITs, investors could consider investing in **NorthWest Healthcare** ([TSX:NWH.UN](#)). Its defensive real estate portfolio of healthcare assets generates strong cash and supports dividend payments even in a weak market.

It's worth mentioning that NorthWest's tenants are supported by government funding, which adds stability to its financials. Moreover, its long lease expiry term adds visibility over future cash flows. NorthWest also benefits from high occupancy rates and inflation-indexed rents.

Overall, NorthWest's resilient business, geographically diversified assets (operations in Canada, United States, Australia, and Europe), inflation-hedged rents, opportunities in the U.S. market, and a robust development pipeline bode well for growth. Moreover, its strong balance sheet and focus on strategic acquisitions will likely accelerate its growth and support dividend payments. Moreover, NorthWest offers a high yield of 6.4%.

TransAlta Renewables

Electric utility company **TransAlta Renewables** ([TSX:RNW](#)) is a reliable bet for monthly passive income. TransAlta owns and operates a diversified portfolio of renewable assets underpinned by contractual arrangements. Further, these contracts have a long expiry term, which helps generate predictable cash flows.

Notably, TransAlta's conservative business model augurs well for dividend payments. Further, its growing power-generation capabilities, favourable sector tailwinds, and focus on acquisition bode well for growth. Investors can earn a dividend yield of 5.6% by investing in TransAlta stock.

The takeaway

These three Canadian companies have resilient businesses and cash flows. Investors can rely on these companies to generate a steady monthly passive income. Further, shares of these companies are trading cheap (under \$50) and are well within every investor's reach.

On average, these three stocks offer a dividend yield of 5.8%. Thus, by investing \$81,500 (cumulative TFSA investment limit) in these three TSX stocks, TFSA investors can earn a tax-free income of \$393 per month.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
3. TSX:PPL (Pembina Pipeline Corporation)
4. TSX:RNW (TransAlta Renewables)

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