



## TFSA Investors: Earn Passive Income of \$340/Month With These 3 Canadian Stocks

### Description

The rising prices have impacted the purchasing power of the customers. Meanwhile, you can cushion these price rises by boosting your passive income. Investing in monthly paying [dividend stocks](#) would be one of the convenient and cost-effective means to earn passive income.

The cumulative contribution room for a Tax-Free Savings Account (TFSA) investor who was 18 in 2009 would be \$81,500. So, if you invest the entire amount in stocks that pay dividends with yields of over 5%, you can earn a passive income of above \$340 every month. Meanwhile, here are three Canadian stocks with dividend yields above 5%.

### TransAlta Renewables

Amid the growing concerns over rising pollution levels, people, businesses, and governments are focusing on moving towards cleaner energy. This secular shift could benefit **TransAlta Renewables** ([TSX:RNW](#)), which operates a diverse portfolio of renewable and non-renewable power-producing facilities. Its long-term power-purchase agreements shield a substantial percentage of its financials from price and volume fluctuations, thus delivering stable cash flows.

Supported by these robust cash flows, TransAlta Renewables has been raising its dividend since 2013 at a compounded annual growth rate (CAGR) of 3%. It currently pays a monthly dividend of \$0.07833/share, with its yield for the next 12 months standing at a healthy 5.47%. Meanwhile, the company's project pipeline looks healthy, with over two gigawatts of projects under evaluation. The company also focuses on strategic acquisitions to drive growth. So, given its growth prospects, stable cash flows, and high dividend yield, I believe TransAlta Renewables would be a good addition for income-seeking investors.

### Pembina Pipeline

**Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)) currently pays a monthly dividend of \$0.21/share, with its

yield for the next 12 months at 5.3%. With long-term contracts supporting 80% of its cash flows, the company generates stable and reliable cash flows, allowing it to maintain or raise its dividend uninterrupted since 1997.

Recently, Pembina Pipeline announced a joint venture with KKR by combining their Western Canadian natural gas-processing operations. This initiative could deliver substantial savings for the company. Meanwhile, the company is progressing with \$4 billion of projects and expects to put \$900 million of projects into service this year. Along with these growth initiatives, the increase in throughput of its liquid pipeline segment amid higher energy demand could boost its financials in the coming quarters.

Meanwhile, the company's management had raised its adjusted earnings before interest, tax, depreciation, and amortization guidance for 2022 to \$3.45-\$3.6 billion from an earlier expectation of \$3.35-\$3.45 billion. So, given its higher cash flows, I believe Pembina Pipeline is well equipped to continue paying dividends at a healthier rate.

## Pizza Pizza Royalty

My final pick is **Pizza Pizza Royalty** ([TSX:PZA](#)), which has raised its dividend twice this year. Amid the easing of restrictions, the company could reopen its dining spaces and non-traditional restaurants, which drove its same-store sales by 13.6% in the first quarter. Improving financials appear to have prompted the company's management to raise its dividend.

With a monthly dividend of \$0.0675/share, its yield for the next 12 months stands at 6.2%. So, an investment of \$100 in Pizza Pizza Royalty at Monday's closing price could earn you \$6.2 in dividends alone. Meanwhile, the company has resumed its restaurant expansion program and expects to increase its restaurant count by 5% this year. The growing footfalls and the continued growth in its digital channels could drive its financials in the coming quarters. Given its healthy growth prospects, I am bullish on Pizza Pizza Royalty.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:PPL (Pembina Pipeline Corporation)
3. TSX:PZA (Pizza Pizza Royalty Corp.)
4. TSX:RNW (TransAlta Renewables)

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