TFSA Passive Income: 3 Solid Stocks to Earn $355 Every Month

Description

The volatility in the market and uncertain economic trajectory shouldn't stop you from earning steady passive income through stocks. It's worth mentioning that several TSX stocks are famous for returning solid cash to their shareholders irrespective of the economic conditions. Further, as you do not pay tax on income earned in a TFSA (Tax-Free Savings Account), I'd recommend leveraging the same to invest in dividend-paying stocks.

So, for investors seeking reliable passive income, here are three TSX stocks that can help you earn a solid passive income in all market conditions.

A top financial services company

Canadian financial services giants are known for their stellar track record of regular dividend payments. Within the financial sector, income investors could consider adding the shares of **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD).

It has paid a dividend for 164 years. Furthermore, Toronto-Dominion Bank's dividend has a CAGR (compound annual growth rate) of 11% since 1995 — the highest among its peers.

A higher interest rate environment and volume growth will likely support its net interest margin. Further, its diversified asset base, strong credit quality, and focus on improving efficiency ratio will likely cushion its earnings and support dividend payments.

TFSA investors can earn a tax-free yield of 4.3% by investing in Toronto-Dominion Bank stock. Further, its payout ratio of 40-50% is sustainable and dependable in the long term.

A REIT offering high yield

REITs (real estate investment trusts) are famous for their solid distribution. Within this space, TFSA investors can consider **NorthWest Healthcare** (TSX:NWH.UN). Its defensive real estate portfolio and high yield make it an attractive investment for regular income.

Notably, NorthWest Healthcare's tenants are supported by government funding. Further, its long lease expiry term (about 15 years) adds stability and visibility over future payouts. Meanwhile, about 80% of its rents are inflation indexed, while it has a high occupancy rate of 97%.

While its fundamentals remain strong, NorthWest Healthcare's focus on acquisitions and expansion into high-growth markets bode well for growth. While its payouts are safe, NorthWest offers a high dividend yield of 6.1%.

An energy company with solid dividend payment history

Energy infrastructure company **TC Energy** (TSX:TRP)(NYSE:TRP) is a reliable investment option to generate a growing passive income. Thanks to its high-quality asset base, TC Energy has increased its dividend at a CAGR of 7% in the last 22 years.

Furthermore, TC Energy offers a dividend yield of 5.3%. Moreover, it projects a future dividend growth of 3-5% per annum.

TC Energy's regulated and contracted assets and high asset utilization rate drive its cash flows and keep it relatively immune to economic cycles. Further, its regulated and contracted businesses account for about 95% of its adjusted EBITDA, implying that its payouts are well protected.

It is well positioned to benefit from multi-billion-dollar capital projects, strong energy demand, and cost savings.

Bottom line

These three TSX stocks offer an average dividend yield of over 5.2%. Thus, an $81,500 (TFSA cumulative limit) distributed equally among these stocks would result in a tax-free annual passive income of $4,265, or $355 every month.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:TD (The Toronto-Dominion Bank)
2. NYSE:TRP (Tc Energy)
3. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
4. TSX:TD (The Toronto-Dominion Bank)
5. TSX:TRP (TC Energy Corporation)

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