



## Retirement 101: How to Earn \$400 Per Month Tax-Free for 40 Years

### Description

Canadian investors are using their [TFSA](#) to build retirement portfolios comprised of top [dividend stocks](#) that create steady streams of growing tax-free passive income. The maximum TFSA contribution limit is now \$81,500 per person. That's an adequate size to set up a significant self-directed TFSA pension. Here are two top dividend stocks that can help you build a steady stream of passive income on the road to retirement.

### Enbridge

**Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) is a leader in the North American energy infrastructure industry with oil and natural gas pipelines that cross Canada and the United States. The company plays an integral role in the smooth functioning of the Canadian and U.S. economies, moving 30% of oil produced in the two countries.

Enbridge also owns natural gas distribution utilities, oil export facilities, and a growing renewable energy business with wind, solar, and geothermal assets. Growth in the coming years will likely come from export opportunities. International demand for Canadian and U.S. oil and natural gas is set to expand as countries in Europe and other areas look for reliable supplies to replace their dependence on Russia.

Enbridge has big expansion plans in place and recently announced a deal to take a 30% stake in the \$5.1 billion Woodfibre liquified natural gas (LNG) development in British Columbia. The company is also building new pipelines to supply natural gas to LNG sites on the American Gulf Coast. All in all, Enbridge now has a secured project backlog of \$13 billion.

Enbridge raised its dividend by 3% for 2022 and has increased its payout for 27 consecutive years. The quarterly dividend of \$0.86 per share provides a juicy annualized yield of 6.1% at the the current stock price.

## BCE

**BCE** ([TSX:BCE](#))([NYSE:BCE](#)) is a top Canadian, high-yield dividend stock that TFSA investors seeking passive income can buy and hold for decades. The company is a leader in the Canadian communications sector and enjoys a wide competitive moat that it can defend through investments in network upgrades.

BCE is spending \$5 billion in 2022. Its project pipeline includes running fibre optic lines to the doorstep of 900,000 customers and expanding the [5G](#) mobile network. These initiatives will help drive future revenue growth through subscription upgrades and new service offerings.

BCE generates ample free cash flow to support a generous dividend and tends to raise the payout by about 5% every year. Management expects free cash flow to increase by 2-10% in 2022.

BCE is a good stock to own if you're searching for a defensive pick for a [retirement](#) portfolio. The company has the ability to raise prices for its services when costs increase. This is especially important in the current era of high inflation. BCE also provides services that customers need regardless of the state of the economy. Even during a recession, households and businesses require mobile and internet connections.

BCE stock looks undervalued after the pullback from 2022 highs. At the time of this writing, investors get a solid 5.7% dividend yield.

## The bottom line on top stocks to buy for passive income

An equal investment between Enbridge and BCE would generate an average yield of 5.9%. Thanks to the market pullback, investors can easily put together a portfolio of top dividend stocks that generates a return of nearly 6% today. In a TFSA of \$81,500, investors receiving a 5.9% dividend yield would generate \$4,808.50 per year in tax-free passive income. That's more than \$400 per month!

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:ENB (Enbridge Inc.)

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**Date**

2025/08/22

**Date Created**

2022/08/11

**Author**

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