TFSA Passive Income: Earn $317 Every Month Tax Free for Life

Description

Regardless of the volatility in the stock market and uncertain economic trajectory, investors can earn tax-free passive income in their TFSA (Tax-Free Savings Account). Thankfully, several Canadian companies are famous for consistently paying and growing their dividends for more than two decades, implying that their business remains relatively resilient to economic cycles, enabling them to return solid cash to their shareholders.

So, if you are looking for stocks that can fetch you regular passive income, irrespective of the market situation, consider investing in these stocks now.

Canadian Utilities

Canadian Utilities (TSX:CU) has a 50-year track record of growing its dividend. This is the highest among all Canadian corporations. Its robust payment history and rate-regulated and contracted assets imply that Canadian Utilities is one of the safest stocks to add to your TFSA portfolio to generate a tax-free passive income for life.

As stated above, Canadian Utilities's dividend payments are backed by its low-risk and high-quality asset base that generate solid earnings. Further, Canadian Utilities continues to invest in contracted and regulated assets that will expand its high-quality earnings base and drive its future payouts.

By leveraging TFSA, investors can earn a tax-free and reliable dividend yield of 4.6% by investing in Canadian Utilities stock at current levels.

Fortis

Speaking of worry-free passive income, **Fortis** (TSX:FTS)(NYSE:FTS) stock is one of the safest bets on TSX. Its 10 regulated utility businesses account for 99% of its earnings, implying that its payouts are secure, despite the volatility and uncertainty in the market.

It’s worth mentioning that Fortis stock has a 48-year track record of dividend growth. Furthermore, it has delivered an average annual total shareholder return of 13% in the past two decades. Its solid business model and resilient cash flows make it a viable option for investors to generate a passive income.

Fortis sees a 6% annual growth in its dividend through 2025. This adds visibility over its future payouts. Also, its guidance appears achievable given the continued rise in its rate base. Through its $20 billion capital investments, Fortis expects its rate base (assets that earn a specific rate of return) to grow at a CAGR (compound annual growth rate) of 6% through 2026. This will boost its earnings and support dividend payments. Moreover, its growing renewable power-generation portfolio will supplement its future growth.

By adding Fortis stock to the TFSA portfolio, investors can earn a well-protected yield of 3.6%.

Enbridge

Besides Canadian Utilities and Fortis, investors could consider adding **Enbridge** (TSX:ENB)(NYSE:ENB) stock to their TFSA. This energy stock raised dividend for 27 years at a CAGR of 10%. What stands for Enbridge is that it has paid and raised dividend even amid the pandemic, which shows the resiliency of its business model.

It owns 40 diverse cash streams that cover its payouts. Furthermore, its solid mix of conventional and renewable assets and recovery in energy demand provides a solid base for future dividend growth. Enbridge’s payouts will also benefit from its strong capital program, productivity savings, and inflation-protected EBITDA.

Investors can earn a tax-free yield of 6% by investing in Enbridge stock.

Bottom line

These Canadian stocks offer an average dividend yield of over 4.7%. Thus, an investment of $81,500 (total TFSA cumulative limit) in these stocks would help you earn a tax-free passive income of $317 every month for life.

CATEGORY

1. Dividend Stocks
2. Investing

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2. NYSE:FTS (Fortis Inc.)
3. TSX:CU (Canadian Utilities Limited)
4. TSX:ENB (Enbridge Inc.)
5. TSX:FTS (Fortis Inc.)

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