



TFSA Investors: 3 Stocks to Buy for \$473/Month Tax-Free Passive Income

Description

Diversification is essential, and it comes in many forms: a variety of sectors, geographies, asset classes, etc. It's even better to have both dividend *and* growth stocks in your portfolio — not just one of them. But that's dependent upon your investment needs. If you have a fully stocked TFSA and wish to use all the capital to start a passive-income stream, that's a valid enough investment strategy.

This way, you can generate a side income to augment your primary one without increasing your tax bill. With the right stocks, you can generate as much as \$473 a month, even without utilizing every last dollar in your Tax-Free Savings Account (TFSA). Let's see how \$75,000 from your TFSA can be used to generate this passive income with three high-yield stocks.

An energy giant

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) may be considered the gold standard for dividend stocks, even for Dividend Aristocrats in Canada. It's one of the most generous Aristocrats and the largest energy company in the world. This lends it more credibility and strength, along with its business model — oil and gas pipelines, which has turned out to be one of the most resilient business segments in the energy sector.

This energy giant has been growing its payouts for 26 consecutive years, making it an Aristocrat as per the more rigorous U.S. standards as well. And the dividend growth has been more than just symbolic; it's enough to outpace inflation. At its current yield, the company can offer you about \$130 a month if you invest \$25,000 in the company.

An equity partnership company

Despite its relatively strict criterion regarding business selection, **Alaris Equity Partners** ([TSX:AD.UN](#)) has been a great ally to businesses that need financial assistance without giving up control of the company.

Alaris helps original management maintain ownership and control over their company while only taking a financial stake in the business. Its current portfolio of the companies it has partnered with includes 18 constituents.

Alaris has always been a great dividend stock, thanks to its business model. Since it takes only a financial stake in the businesses it partners with, it has the leverage to negotiate better returns than investors that assume partial control of the business. And it passes on the bulk of these returns to its investors as dividends.

At its current 7.24% yield, a \$25,000 investment in the company will result in about \$151-a-month dividend income.

A REIT

REITs usually have a healthy representation in the “high-yield dividend stocks” pool in Canada, and **True North Commercial** ([TSX:TNT.UN](#)) is a compelling example of this phenomenon. This commercial REIT has a portfolio of 46 properties, most of which are in Ontario. It boasts a decent occupancy rate and has an impressively stable tenant portfolio.

These fundamental strengths and a mouthwatering 9.25% yield make it a fantastic buy for passive income. If you invest \$25,000 in this REIT, you can enjoy a monthly income of about \$192. And in the case of this REIT, the payment will *actually* be monthly, as that’s the payout frequency, unlike the quarterly dividends of the other two.

Foolish takeaway

When it comes to passive income, the former always wins the [TFSA vs. Registered Retirement Savings Plan](#) debate. That’s because you can actually access the dividends your investments are generating in your TFSA, and they are tax free.

So, you can improve your lifestyle with extra cash (or meet previously unmet expenses), and it wouldn’t have an adverse impact on your tax bill. And with \$75,000 in the three stocks, you’ll get a monthly income of about \$473.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:AD.UN (Alaris Equity Partners Income Trust)
3. TSX:ENB (Enbridge Inc.)
4. TSX:TNT.UN (True North Commercial Real Estate Investment Trust)

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