



## TFSA Passive Income: Earn \$13.5/Day Tax Free for Life

### Description

Investors seeking a steady passive income should leverage their Tax-Free Savings Account, or TFSA, to invest in high-quality [dividend stocks](#). The reason is apparent: dividend income earned in a TFSA is not taxed, which significantly boosts your overall returns.

While I agree that an uncertain economic environment could keep investors away from investing in stocks, several TSX stocks have the potential to consistently return cash to their shareholders regardless of the economic situation and volatility in the market.

Against this setting, here are my two top picks that can generate solid passive income for you. What stands out is that these Canadian stocks have been paying dividends for a long time and offer lucrative yields.

### Enbridge

I've said before that **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) is a must-have stock for investors seeking worry-free passive income. There are several reasons like its solid track record of dividend payments and growth, well-protected and high yield, and growing earnings base that makes it a perfect investment amid all market conditions.

Enbridge has been paying dividend for 67 years. To enhance its shareholders' returns, it has raised its dividend at a CAGR (compound annual growth rate) of 10% since 1995. Enbridge offers a high yield of 6.1%, which can be comfortably relied upon due to its sustainable payout ratio of 60-70% of its distributable cash flow (DCF) per share.

It's worth mentioning that Enbridge has paid and increased dividend, even amid the pandemic, which shows the resiliency of its cash flows and strengthens my bullish outlook.

Looking ahead, Enbridge's diverse cash flow streams (it owns 40 diverse cash streams), contractual arrangements, a solid mix of conventional and green energy assets, and high asset utilization rate augur well for future dividend growth. Further, its multi-billion secured projects and inflation-protected

EBITDA (earnings before Interest, taxes, depreciation, and amortization) will drive its DCF per share and dividend payouts.

## Keyera

**Keyera** ([TSX:KEY](#)) is another stock from the energy sector that should be a part of your TFSA portfolio for tax-free passive income irrespective of market conditions. Its fee-for-service energy infrastructure business consistently generates stable cash flows and provides a solid platform for dividend growth. Besides covering its payouts, its fee-for-service energy infrastructure assets also help organically fund its growth projects.

Keyera's DCF/share has grown at a CAGR of 8% in the last 14 years, thanks to the strength in its base business. Further, its growing DCF has enabled it to increase the dividend at a CAGR of 7% during the same time.

Like Enbridge, Keyera also offers a high dividend yield of 6% (payout ratio of 50-70% of DCF), which is reliable. Its conservative business mix, low-debt balance sheet, and growing DCF/share indicate that Keyera could continue to increase its dividend.

## Make \$13.5 per day tax free

On average, Investors can earn a reliable dividend yield of over 6% by investing in these two Canadian stocks. Thus, an \$81,500 (total TFSA cumulative limit) investment in these two stocks could fetch you a tax-free passive income of \$13.5 every day for life.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:KEY (Keyera Corp.)

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