



Tax-Free Passive Income: Get \$228/Month in Dividend Payments in Your TFSA

Description

The Tax-Free Savings Account (TFSA) has become a popular investment vehicle for Canadian investors over the years. The contributions you make to a TFSA are made through after-tax dollars. Any income your assets held in a TFSA generate can grow without you incurring income taxes on the income.

Even though it is called a savings account, it would be more accurate to call it a tax-free investment account for all its benefits. Understanding how to use the tax-advantaged account to its fullest potential can help you significantly grow your wealth in the long run.

You can use several strategies to grow your wealth through [TFSA investing](#). Using the contribution room in a TFSA to buy and hold income-generating equities can help you grow your wealth through capital gains and shareholder dividends.

Today, I will discuss two dividend stocks you can use for this purpose as long-term investments in a TFSA.

Brookfield Renewable Partners

Brookfield Renewable Partners ([TSX:BEP.UN](#))([NYSE:BEP](#)) is a \$14 billion market capitalization company that is among the largest clean energy producers worldwide. The renewable energy industry has been growing in recent years, and as governments increase their focus on reducing carbon footprints and phasing out fossil fuels, companies like Brookfield Renewables will become increasingly important.

The company owns and operates an extensive portfolio of diversified renewable energy assets around the world. Between its wind, hydroelectric, and solar energy assets, Brookfield Renewables has 21 gigawatts of power-generation capacity. It has several projects in the development pipeline that could boost its capacity to 69 gigawatts.

As of this writing, Brookfield Renewables stock trades for \$50.89 per share and pays its shareholders

monthly dividends at a 3.18% forward annual dividend yield.

Brookfield Infrastructure Partners

Brookfield Infrastructure Partners ([TSX:BIP.UN](#))([NYSE:BIP](#)) is a US\$27.07 billion market capitalization company that engages in the acquisition and management of various infrastructure assets worldwide. Headquartered in Toronto, it is another subsidiary of **Brookfield Asset Management**.

Brookfield Infrastructure is one of the largest owners of global infrastructure networks facilitating the movement and storage of energy, data, freight, and passengers.

The company has a robust business model that allows it to generate substantial profits and stable cash flows that it can use to fund its shareholder dividends comfortably. As of this writing, Brookfield Infrastructure Partners stock trades for \$53.05 per share, and it boasts a 3.54% forward annual dividend yield.

Foolish takeaway

Let's consider a hypothetical scenario. The maximum cumulative contribution room in a TFSA for account holders who have been eligible since its inception is \$81,500 after the 2022 update. Suppose you invested \$41,500 in Brookfield Infrastructure Partners stock and \$40,000 in Brookfield Renewable Partners stock.

In that case, you would earn \$1,469.1 through shareholder dividends from Brookfield Infrastructure stock and \$1,272 from Brookfield Renewable Partners stock per year. The dividend income of \$2,741.1 per year would translate to around \$228 per month.

Of course, it's important to understand that you should never allocate so much money to just two assets. It is just an example of how TFSA investing can help you create a tax-free passive-income stream. Brookfield Infrastructure Partners stocks and Brookfield Renewable Partners stock could be excellent assets to invest in when you begin creating a passive-income portfolio in a TFSA.

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