



Retirees: How to Get \$332 Per Month in Tax-Free Passive Income for Life

Description

Pensioners are searching for top TSX dividend stocks to add to their [TFSA](#) to generate reliable, tax-free, monthly income. The market pullback is giving investors a chance to buy great Canadian [dividend stocks](#) at cheap prices. Yields are good, and there is an opportunity to generate attractive total returns.

Fortis

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) is a utility company with \$60 billion in assets located in Canada, the United States, and the Caribbean. The business gets 99% of its revenue from regulated assets. This is important for retirees seeking passive income, because the revenue stream tends to be predictable and reliable.

Fortis grows through acquisitions and development projects. The last big takeover occurred in 2016, so it wouldn't be a surprise to see another deal emerge in the next couple of years as the utility industry consolidates. In the meantime, Fortis is working through a \$20 billion capital program that will boost the rate base by roughly a third to more than \$41 billion by the end of 2026. Management intends to boost the dividend by an average of 6% per year through 2025, supported by anticipated cash flow growth.

Fortis is a good stock to buy for investors who need reliable and growing passive income but are concerned about recession risks hitting their portfolios. Homeowners and businesses need to turn on the lights and heat the buildings, regardless of the state of the economy.

At the time of writing, Fortis stock provides a 3.6% dividend yield. The board raised the dividend in each of the past 48 years.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) operates oil pipelines, natural gas pipelines, natural gas utilities, and renewable energy facilities. The company is a giant in the energy infrastructure industry moving 30% of the oil produced in the U.S. and Canada and 20% of the natural gas used in the United States.

Major new oil pipeline projects face significant approval and completion challenges these days. This means the existing infrastructure should increase in value over time.

Enbridge knows the future opportunities for revenue growth are connected to environmental, social, and governance ([ESG](#)) investing as well as the export of energy commodities to international buyers. Enbridge is working on hydrogen and carbon-capture hubs to meet rising demand to reduce emissions in the energy sector. At the same time, Enbridge is building new natural gas pipeline infrastructure to connect to liquified natural gas (LNG) facilities. In addition, Enbridge is taking a 30% stake in a new \$5.1 billion LNG facility in British Columbia.

Enbridge should benefit from the strong rebound in global oil and natural gas markets, and the \$13 billion capital program is expected to drive growth in distributable cash flow in the next few years. Enbridge raised the dividend in each of the past 27 years. Investors will likely see ongoing annual hikes in the 3-5% range.

At the time of writing, the dividend provides a solid 6.2% yield. Enbridge is a good high-yield stock to buy right now for investors who like the prospects of the energy industry in the coming years.

The bottom line on top stocks to buy for passive income

Fortis and Enbridge have great track records of dividend growth. An equal investment in the two stocks would provide an average yield of 4.9% today.

Retirees have up to \$81,500 in TFSA contribution space in 2022. It is easy to create a balanced portfolio of top TSX dividend stocks that would provide an average yield of 4.9%. This would generate \$3,993.50 in annual, tax-free, passive income on a maximized TFSA.

That's more than \$332 per month that won't bump investors into a higher tax bracket or put OAS payments at risk of a clawback!

CATEGORY

1. Investing

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2. NYSE:FTS (Fortis Inc.)
3. TSX:ENB (Enbridge Inc.)
4. TSX:FTS (Fortis Inc.)

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