



TFSA Passive Income: Make \$356 (and More) Every Month for Decades

Description

If you want to earn growing streams of tax-free passive income, the [Tax-Free Savings Account](#) (TFSA) might be your greatest asset. Any cash placed in the TFSA and invested is protected from tax.

Keep *all* your passive income in the TFSA

That means *all* income earned (dividends, interest, and capital gains) is safe from the Canada Revenue Agency. Likewise, any time you withdraw from the TFSA, there is no complicated tax reporting or tax liability.

That makes the TFSA a perfect place to build, grow, and earn passive income from [Canadian stocks](#). Canada has several high-quality stocks that pay regularly growing dividend income to their shareholders. Here are three that you might want to consider buying and holding in your TFSA for years and even decades ahead.

Algonquin Power and Utilities

Utilities are an attractive place to invest, especially when the stock market is very volatile. **Algonquin Power and Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) is an attractive passive-income stock for reliability and growth.

70% of its business comes from stable, regulated power, water, and natural gas utility businesses. The remaining 30% comes from a faster growing renewable power development business.

This diversified strategy has helped support compounded annual earnings-per-share growth of around 18% over the past 10 years. That has also supported about 9% average annual dividend growth in that period.

Today, you could earn a great 5% dividend yield 100% tax free if you buy this stock in your TFSA. Chances are high that its dividend will keep growing in the mid- to high single digits as well.

Pembina Pipeline

Pembina Pipeline ([TSX:PPL](#))([NYSE:PBA](#)) is a great way to get exposure to high oil prices, but at lower risk. It has a diversified network of pipelines, midstream assets, and storage facilities that serve Western Canadian energy producers.

Nearly 90% of its annual adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) is contracted, so its streams of cash flows are predictable and resilient. However, when oil prices are high, it earns higher profit margins on the energy products that its processes and resells. Last quarter, it delivered some of its best earnings ever.

Put this stock in your TFSA, and you could earn 5.18% of tax-free passive dividend income. With a new accretive [joint venture](#) in the works, shareholders are likely to see some modest annual dividend growth going forward.

BCE

Canadian telecommunications stocks are well known for their attractive and consistent dividend passive income. In today's modern world, everyone needs cellular coverage and internet.

As Canada's largest telecom stock, **BCE** ([TSX:BCE](#))([NYSE:BCE](#)) holds a strong competitive position. It has been investing heavily into its network infrastructure for several years. As its spending plans slow, it expects to earn outsized levels of cash.

This passive-income stock has a 15-year history of growing its dividend by around 6.5% a year. It is very likely to continue a mid-single-digit dividend growth trend going forward.

Right now, TFSA investors can collect an outsized dividend yield of 5.57% with BCE stock. For a stable and growing stream of passive income, this is a solid long-term bet.

The Foolish takeaway

These three passive-income stocks earn an average dividend yield of 5.25%. If you invested a maximum TFSA contribution limit of \$81,500 evenly between these three stocks (\$27,166 each), you could earn \$4,278.75 annually, or \$356.56 averaged monthly! The great news is that over time, as the dividend rates increase, your monthly passive-income stream will only rise from here!

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:BCE (BCE Inc.)
3. NYSE:PBA (Pembina Pipeline Corporation)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:BCE (BCE Inc.)
6. TSX:PPL (Pembina Pipeline Corporation)

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