Hate Taxes? 3 TFSA Stocks That Can Earn You $11/Day

Description

Even though we understand that taxes are essential and inevitable to support our way of living, we still don't look forward to paying them. The CRA takes a big bite from your employment or business income, and this is a painful but unavoidable part of most Canadians' financial lives. And taxes grow as your income increases.

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However, there is a way to add to your income without raising your tax bill. And that's to start generating income from your Tax-Free Savings Account (TFSA). Dividend stocks are the easiest way to do it, and you can generate fairly substantial income without committing your entire TFSA savings to this. With the right stocks, you can make $11 a day from $60,000 in your TFSA. Here are three stocks that can get you there.

An energy aristocrat

Enbridge (TSX:ENB)(NYSE:ENB) has long been one of the most beloved dividend stocks in Canada. Not only is it a dividend aristocrat that's grown its payouts for over 27 years at a highly lucrative compound annual growth rate (CAGR) of 10%, but it's also a relatively safe energy stock.

Enbridge's core pipeline business makes it one of the most formidable players in the North American energy industry, and is relatively safer than energy production and refining.

That's because profitability related to energy production and refining is directly affected by oil prices, which fluctuate pretty rapidly. In contrast, Enbridge relies on long-term contracts, which are partially sheltered from these prices. It also has a massive natural gas utility business and is investing in renewables, an industry that will continue to boom on the road to reaching net-zero targets.

ENB is currently offering an attractive 6% yield. And if you invest $20,000 in the company today, you can generate an annual income of about $1,200 and a daily income of $3.2.

A long-term care company

Another stable business that you should consider for its dividends is **Extendicare** (TSX:EXE). This Markham Ontario-based company offers a wide variety of care services, but long-term care for the elderly is its core business model.

The company has been around for over fifty years and has grown its portfolio to about 108 long-term care homes and retirement communities, 58 of which are owned by Extendicare (the rest are managed on behalf of third-party owners).

Collectively, all properties under Extendicare's banner allow it to care for about 98,800 seniors. As the company's payroll is massive and overhead expenses are pretty high, it needs a reasonable occupancy rate to generate a positive income. Recently released Q2 2022 results reported an increase in home health care average daily volumes of 2.5% and an increase in long-term care average occupancy of 160 basis points over Q1 2022.

EXE has been performing well on the income/revenue front for the last few quarters, and its income has remained relatively stable. For Q2 2022, revenue increased 5.3% to $296.6 million, net operating income increased $1.4 million to $30.3 million, and adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) increased $1.6 million to $17.1 million.

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A healthy income is necessary for attractive and sustainable dividends, and even though EXE's payout ratio is usually off the charts, the company hasn't slashed its dividends once since 2014. At its current 6.65% yield, the company can put about $3.5 per day in your pocket with $20,000 invested.

A mortgage company

Both Extendicare and Enbridge offer a high enough yield, but if you're looking for an even more pronounced yield, **MCAN Mortgage** (TSX:MKP) is the stock to consider. This residential and commercial mortgage company has experienced decent growth in the last five or six years and has always been very generous with its payouts.

That includes regular payouts in addition to special ones. After adjusting for its hefty dividend payout, it has returned 95% to investors in the last five years. And the company's Board of Directors recently declared a third quarter regular cash dividend of $0.36 per share to be paid September 29, 2022 to shareholders of record as of September 15, 2022.

MKP is currently offering a mouthwatering 8.93% yield. And if you invest $20,000 in this company, you can start generating a daily income of about $4.8. The stock has been going down (not steadily) since March, and if it falls even further, you may be able to lock in an even more attractive yield.

Foolish takeaway

If you're wondering why the TFSA is the right fit for these three income-producing stocks, all you need to know is that any income generated from your TFSA is tax-free. So the dividends accumulated from these three companies will add to your income without raising your tax bill.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

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2. TSX:ENB (Enbridge Inc.)
3. TSX:EXE (Extendicare Inc.)
4. TSX:MKP (MCAN Mortgage Corporation)

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