



TFSA Passive Income: Earn \$328 Tax Free Each Month for Life

Description

The stock market could stay volatile amid macro concerns. Irrespective of where the market goes, investors can earn tax-free cash each month by leveraging the [TFSA](#) (Tax-Free Savings Account) to invest in the best dividend-paying stocks.

The TSX has several companies that have consistently paid and increased dividends for over two decades, implying they are a reliable bet for making regular money amid all economic cycles. So, if you are eyeing stocks that can deliver a worry-free passive income every month, consider investing in these Canadian stocks now.

Fortis

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) is one of the most dependable and [safe stocks](#) for investors to make regular passive income. Its low-risk business, solid dividend payment history, and visibility over future payouts make it a must-have stock in your TFSA portfolio to generate tax-free income.

Fortis operates rate-regulated utility businesses that generate predictable cash flows and account for 99% of its earnings. Further, these assets stay immune to economic uncertainties. This implies that Fortis's payouts are very well protected. It has paid and raised its dividend for the past 48 years. Moreover, this utility giant expects to grow its future dividend at a CAGR (compound annual growth rate) of 6% through 2025.

Through its \$20 billion capital plan, Fortis expects to grow its rate base at a CAGR of 6% through 2026. A growing rate base, investments to boost renewable power-generation capabilities, and strategic acquisitions bode well for growth and support Fortis's dividend payments. TFSA investors can earn a dividend yield of 3.7% at current price levels.

Canadian Utilities

The second stock is also from the utility space. Besides Fortis, I am equally bullish about **Canadian Utilities**

([TSX:CU](#)) for generating a reliable income. Canadian Utilities increased its dividend for 50 years — the highest among all publicly traded Canadian companies.

Its robust payouts are supported through the regulated and contracted assets that account for most of its earnings. Further, Canadian Utilities continues to invest in these assets that expand its earnings base and support future payouts.

Overall, Canadian Utilities's low-risk business, solid track record of dividend growth, expanding rate-regulated and contracted assets base, and an attractive dividend yield of 4.5% makes it a solid stock to add to your TFSA portfolio for earning a tax-free passive income for life.

Enbridge

With a dividend-growth history of 27 years and a payment history of 67 years, **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) is a dependable stock for passive-income investors. Its 40 diverse cash streams, contracted assets, creditworthy customers, and inflation-protected earnings (roughly 80% of its earnings have protection against inflation) provide a solid base for future dividend growth.

Further, the continued expansion of its conventional pipeline and growing footprint in the low-carbon assets provide a multi-year growth platform. Additionally, its multi-billion secured capital program, benefits from new assets placed into service, and solid demand for energy bode well for growth and would likely support its cash flows and payouts. Investors can earn a dividend yield of 6.4% by investing in Enbridge stock.

Bottom line: Earn \$328 a month

On average, these three Canadian stocks offer a well-protected dividend yield of over 4.8%. So, an investment of \$81,500 (the cumulative TFSA investment limit) in these stocks would fetch you a tax-free passive income of \$328 each month for life.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:FTS (Fortis Inc.)
3. TSX:CU (Canadian Utilities Limited)
4. TSX:ENB (Enbridge Inc.)
5. TSX:FTS (Fortis Inc.)

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