



TFSA Passive Income: Easily Earn \$412 Every Month for Life!

Description

If you want to avoid stock market volatility and still earn an attractive return, buying dividend stocks in your [Tax-Free Savings Account](#) (TFSA) is a great idea. Today, most Canadian investors can put as much as \$81,500 into their TFSA, where they can invest, earn income, and pay zero tax on those earnings.

The **TSX** stock market is full of large, solid, dividend-paying companies. Many of these have been paying and growing their [dividends](#) for years and even decades.

These [blue-chip stocks](#) often have economically resilient business models, and their stocks tend to outperform in bad economic times. If you are looking for tax-free passive income for your TFSA, here are two stocks that could help you earn a massive monthly payout.

BCE

With a market capitalization of \$58 billion, **BCE** ([TSX:BCE](#))([NYSE:BCE](#)) is Canada's largest telecommunications company. Just like power, data, cellular coverage, and internet service are essential for individuals, families, and businesses. BCE is Canada's top choice with over 22 million subscribers to its services.

BCE earns a stable baseline of revenues and cash flows from its wide array of contracted services. As a result, it is a great stock to hold for reliable passive income in your TFSA.

This year, it has spent nearly \$5 billion to expand its fibre optic and 5G infrastructure. While this will reduce earnings in the near term, it will lead to outsized free cash flow returns in the next few years.

That means that it is likely to continue its very long track record of high single-digit dividend growth. Regardless, BCE stock already pays a substantial dividend yield of 5.8%. Getting annual dividend rate increases is just the cherry on the cake for this very defensive TFSA stock.

Enbridge

Another great TFSA stock for an outsized stream of passive income is **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)). Since 2008, Enbridge has grown its dividend rate by over 400%! For the past 10 years, it has increased its annual dividend by a compounded annual growth rate (CAGR) of 11.8%!

Enbridge has grown from just a pipeline company to a diverse integrated energy business. It owns and operates nearly 95,000 miles of natural gas and oil pipelines, several export terminals, crucial gas utilities, 24 wind farms, 17 solar projects, seven renewable natural gas facilities, and various other traditional and [renewable energy](#) assets.

Today, its [assets](#) have become essential to the North American economy. 98% of its revenues are contracted or regulated and 80% are hedged against inflationary costs. Like BCE, its baseline of cash flows is predictive and reliable.

It has a plan to grow distributable cash flows by a 5-7% compounded rate over the next three years. Chances are good its dividend will grow by the same rate. Up front, this TFSA stock earns a 6.33% dividend yield on its share cost today. For passive income and modest upside, Enbridge is an ideal TFSA stock.

How Foolish investors can earn \$412 a month in their TFSAs

If you split a TFSA equally between these two stocks, you could capture an average dividend yield of 6.065%. For a full TFSA contribution limit of \$81,500, you could earn \$411.91 on monthly tax-free income. The best part is that next year (and likely years after) you could earn more, as these companies continue to increase their dividends for years and possibly decades ahead.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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

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