



TFSA Passive Income: 2 Energy Stock to Earn \$4,390 Yearly in Tax-Free Passive Income for Life

Description

After consistently rising for months to reach their multi-year highs, crude oil prices have witnessed a sharp correction in the last three months. While concerns about slowing economic growth might continue to haunt investors in the near term, the long-term demand outlook for energy products remains strong. This factor, along with constrained supply, could trigger a sharp recovery in oil prices and help [energy stocks](#) rally.

Given that, the ongoing correction in energy stocks could be an opportunity for long-term investors to buy their favourite stocks cheap for reliable [dividend](#) income. And if you want to earn tax-free passive income each year, you can consider investing in some quality energy stocks with high dividends with your [TFSA](#) (Tax-Free Savings Account) money.

In this article, I'll talk about how you can easily earn \$4,390 in combined yearly passive income by investing \$35,000 each in the following two energy stocks.

Enbridge stock

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is arguably the most reliable dividend stock from the energy sector in Canada. The company primarily focuses on energy transportation and distribution across North America, as its gas transmission network is responsible for delivering nearly 20% of natural gas consumed in the United States. Similarly, its vast network of liquids pipelines accounts for about 30% of North America's crude oil transports and exports.

ENB stock currently trades at \$53.68 per share with about 8.6 year-to-date gains. At the current market price, its stock has a strong dividend yield of around 6.4%. So, if you invest \$35,000 in it right now with your TFSA, you can expect to earn about \$2,243 in tax-free yearly passive income.

The underlying strength in its fundamentals could be understood by the fact that this energy stock has consistently been increasing its dividend payouts for the last 27 years in a row. Also, Enbridge's

increasing efforts to [advance](#) the U.S. gulf coast strategy and its new investments in renewable energy segments could accelerate its financial growth in the coming years and drive its stock higher.

Keyera stock

Keyera ([TSX:KEY](#)) could be another reliable energy stock to invest in for TFSA investors to earn tax-free passive income. This integrated energy infrastructure company primarily focuses on gathering and processing natural gas to separate natural gas liquids (NLGs) from it.

Its stock currently has a [market cap](#) of about \$6.9 billion, as it trades at \$31.29 per share with 9.7% gains in 2022. At the current market price, it has an attractive annual dividend yield of 6.1%. By investing \$35,000 from your TFSA in the stock, you can expect to earn roughly \$2,147 each year in dividend income.

After the post-pandemic demand recovery and operational ease drove its adjusted earnings up by 400% year over year in 2021, Street analysts expect the company to report nearly 50% earnings growth in the ongoing year. Given its robust balance sheet and high-quality assets, I'm confident in Keyera's dividend sustainability, making it one of the safest energy stocks to buy now.

Bottom line

While these examples clearly show how long-term investors can use TFSA money to earn tax-free passive income each year, investing a big sum of \$35,000 in a single stock could be risky. To be on the safer side, investors should try to diversify their portfolio by adding some more of such fundamentally strong dividend stocks to it.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:KEY (Keyera Corp.)

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