



2 Stocks With Steady Passive Income: Earn \$260/Month

Description

As of this writing, the **S&P/TSX Composite Index** is down by 12.60% from its 52-week high. The downturn in the broader economy has opened up the opportunity for investors to scoop up shares of high-quality stocks at a bargain.

Dividend-seeking investors with contribution room available in their Tax-Free Savings Accounts (TFSAs) can use this downturn as a chance to lock in inflated dividend yields from the top dividend stocks and earn tax-free passive income.

Today, I will discuss two reliable [dividend stocks](#) you can invest in a TFSA to create a reliable, tax-free passive-income stream.

Toronto-Dominion Bank

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)) is a \$156.95 billion market capitalization Canadian bank stock that's considered to be a reliable dividend-paying stock. One of the Big Six Canadian banks, it's the second-largest Canadian bank in market capitalization.

It trades at a discount of almost 21% from its 52-week high due to the weakness in the broader economy. It is an excellent asset to own if you want to gain exposure to the U.S. economy through a Canadian bank.

TD Bank is well capitalized and looks well positioned to grow its presence further in the United States. It recently acquired **First Horizon** for US\$13.4 billion, making TD a top-six bank in the American market.

As of this writing, TD Bank stock trades for \$86.22 per share and boasts a 4.13% dividend yield. It could be an excellent opportunity for you to capitalize on higher dividend yields at current levels before its share prices recover and its dividend yield goes down.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is a \$109.09 billion market capitalization multinational pipeline company headquartered in Calgary. It is a Canadian Dividend Aristocrat with a 27-year streak of delivering dividend hikes to its investors.

The company owns and operates an extensive pipeline network responsible for transporting a significant portion of all hydrocarbon products consumed in North America. Since it doesn't produce oil or natural gas, it does not suffer much from changing commodity prices, making it a relatively safer bet than other energy stocks.

Enbridge stock has strong fundamentals. The company recently took a hit as a U.S. judge ruled against Enbridge regarding its controversial Line 5, which runs through an Indigenous territory. However, the judge did not order a complete halt. Instead, the line can continue operating until Enbridge can reroute to avoid widespread economic consequences.

As of this writing, Enbridge stock trades for \$53.83 per share and boasts a juicy 6.39% dividend yield. It is a high-yielding dividend stock at current levels. A recovery in its share prices can send its dividend yield down. Now might be an ideal opportunity to invest in its shares to lock in higher yields.

Foolish takeaway

Consider a hypothetical scenario in which you have plenty of contribution room and investment capital available. Suppose you purchase \$40,000 worth of TD Bank stock and Enbridge stock. In that case, you can generate \$572 through shareholder dividends from TD Bank stock and \$2,556 from Enbridge stock annually.

You can stand to earn \$3,128 annually through shareholder dividends, translating to a tax-free income of over \$260 per month in a [TFSA](#). Of course, you should never allocate such a significant amount to just two equity securities.

This is just an example to show you what's possible with a sizeable dividend income portfolio in a TFSA. You can consider investing in TD Bank stock and Enbridge stock as foundations for a strong dividend income portfolio in your TFSA.

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2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:ENB (Enbridge Inc.)
4. TSX:TD (The Toronto-Dominion Bank)

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