



Passive Income: Get \$387 Per Month Tax Free for Decades

Description

[Tax-Free Savings Account](#) (TFSA) investors can take advantage of the [market correction](#) to buy top high-yield [TSX](#) dividend stocks at [undervalued](#) prices for portfolios focused on passive income. The TFSA limit increased by \$6,000 in 2022, bringing the total maximum cumulative contribution space to \$81,500.

The best stocks to buy for passive income tend to be those that have good track records of dividend growth.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) raised its dividend in each of the past 27 years. That's the kind of reliability TFSA investors should look for when picking stocks for steady and growing passive income.

Enbridge used to grow through large oil pipelines projects. Those days are probably over, but the company still finds smaller development opportunities across the vast asset base to drive steady revenue and cash flow growth. Enbridge is focusing most of its new project investments on liquified natural gas (LNG), carbon sequestration, hydrogen, and renewable energy developments. For example, the company recently announced a deal to take a 30% stake in the \$5.1 billion Woodfibre LNG facility being built in British Columbia. Enbridge is also building new natural gas pipelines to connect producers to LNG sites on the U.S. Gulf Coast.

Enbridge can also grow through acquisitions. The company's \$112 billion [market capitalization](#) gives it the financial clout to buy strategic assets that complement its existing operations. Enbridge spent US\$3 billion in 2021 on an oil export platform and connected infrastructure. North American oil and natural gas is in high demand in global markets, and Enbridge is in a good position to capitalize on the opportunities.

ENB stock looks cheap and good to buy at the current price near \$55 per share. Investors can now pick up a solid 6.2% dividend yield.

CIBC

CIBC ([TSX:CM](#))([NYSE:CM](#)) is the fifth-largest bank in Canada with a current market capitalization of \$57 billion. Investors often bypass CM stock in favour of the other [bank stocks](#), but that might not be the best move right now for those seeking passive income.

CIBC raised the dividend by 10% late last year and increased the payout again when the bank announced the fiscal second-quarter 2022 results. In the June investor presentations, the management team said CIBC is targeting revenue and profit growth of 7-10% over the next few years, supported by strong growth in the American wealth management and commercial banking operations. CIBC made a series of acquisitions south of the border in recent years to diversify its revenue stream.

CIBC stock looks good to buy at the current share price below \$63.50. The stock was above \$83 at the 2022 high. Investors can now pick up a 5.2% dividend yield and wait for the bank sector to rebound while collecting the generous dividend.

The bottom line on top stocks to buy for passive income

Enbridge and CIBC are just two examples of great TSX dividend stocks investors can buy for TFSA passive income. In the current market conditions, investors can quite easily put together a diversified portfolio of top Canadian dividend stocks that would provide an average dividend yield of 5.7%.

This would generate \$4,645.50 per year on a TFSA \$81,500. That's more than \$387 per month in tax-free passive income!

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:CM (Canadian Imperial Bank of Commerce)
4. TSX:ENB (Enbridge Inc.)

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