



## TFSA Passive Income: The 5 Best Dividend Stocks to Own Forever

### Description

Investing in dividend stocks through the TFSA ([Tax-Free Savings Account](#)) can be highly rewarding. As dividend income is tax free in a TFSA, it significantly enhances your overall cash inflow over time. So, if you plan to add a few high-quality dividend stocks to your TFSA portfolio, here are my top five picks that can deliver regular income for life.

### Canadian Utilities

With its consistent dividend-growth history (increased dividend for 50 years), **Canadian Utilities** ([TSX:CU](#)) stock is one of the [safest bets](#) to earn tax-free passive income for decades. It operates a conservative utility business that generates resilient cash flows, supporting its dividend payments.

Canadian Utilities continues to invest in regulated and contracted assets that will expand its rate base and drive its earnings and future dividend payouts. TFSA investors can make a tax-free yield of 4.4% by investing in Canadian Utilities stock at current levels.

### Fortis

**Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) is another top stock in the utility sector to earn solid tax-free passive income. It has raised dividend for 48 years on the back of its predictable cash flows. Notably, Fortis operates 10 regulated utility businesses that generate robust cash irrespective of the market conditions.

Through its \$20 billion capital program, Fortis expects to grow its rate base further. It projects its rate base to grow at an average annualized rate of 6% through 2026. This implies that Fortis is well positioned to increase its dividend payments in the coming years. Fortis offers a dividend yield of 3.7% and expects to grow its dividend by 6% annually through 2025.

## Enbridge

**Enbridge's** ([TSX:ENB](#))([NYSE:ENB](#)) dividend has a CAGR (compound annual growth rate) of 10% since 1995. Meanwhile, it has paid a regular dividend for more than 67 years. Its solid dividend growth and payment history make Enbridge a go-to stock for passive income.

It has over 40 diversified cash sources that support its payouts in all market conditions. Meanwhile, 80% of its adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) has inflation protection. Besides the strength in its base business, its solid energy demand, multi-billion-dollar secured capital projects, and higher asset utilization rate will likely support its future cash flows and dividend payments. TFSA investors can earn a tax-free yield of over 6% by investing in Enbridge stock.

## Toronto-Dominion Bank

**Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) has raised its dividend at a CAGR of 11% in the last 27 years. What stands out is its 164-year-long dividend payment history. Its solid track record of dividend payments, growth, and ability to increase earnings (earnings have grown at a CAGR of 9.5% in the last five years) make it a solid dividend stock.

Its diversified revenue base, strong credit quality, and operating leverage will support its earnings and dividend growth. Meanwhile, investors can earn a solid yield of 4% by investing in Toronto-Dominion Bank stock near current levels.

## Bank of Montreal

Financial services giant **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) is another solid stock to earn a steady passive income for decades. It is worth mentioning that the Bank of Montreal has paid a dividend for 193 years. Furthermore, its dividend has grown at a CAGR of 4% in the past decade.

Its solid balance sheet, ability to grow net interest income, and cost-control measures bode well for future earnings and dividend growth. TFSA investors can earn a tax-free yield of 4.4% by investing in Bank of Montreal stock.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:FTS (Fortis Inc.)
4. NYSE:TD (The Toronto-Dominion Bank)
5. TSX:BMO (Bank Of Montreal)

6. TSX:CU (Canadian Utilities Limited)
7. TSX:ENB (Enbridge Inc.)
8. TSX:FTS (Fortis Inc.)
9. TSX:TD (The Toronto-Dominion Bank)

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