



## TFSA 101: How Retirees Can Earn \$407.50 Per Month Tax Free for Decades

### Description

Canadian retirees are using their Tax-Free Savings Account (TFSA) contribution space to build diversified portfolios of top [TSX](#) dividend stocks that can generate reliable and growing tax-free income. The [TFSA](#) limit increased by \$6,000 in 2022, and investors now have as much as \$81,500 in TFSA room to create a self-directed pension.

TFSA income is not taxed, and the Canada Revenue Agency (CRA) does not include the earnings when determining net world income calculations for seniors. This is important for retirees who collect Old Age Security (OAS) and have incomes that are near the OAS pension recovery tax threshold. The earnings threshold in the 2022 income year is \$81,761. Every dollar of net world income above this amount triggers a \$0.15 OAS clawback in the July 2023 to June 2024 payment period.

The [market correction](#) is giving retirees a chance to buy top TSX dividend stocks at cheap prices for a balanced portfolio.

### Enbridge

**Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) is a good example of a quality Canadian dividend stock to buy for a TFSA. The board has raised the dividend in each the past 27 years, and the distribution currently provides a 6.4% yield.

Enbridge moves 30% of the oil produced in Canada and the United States. The oil pipeline infrastructure is key to the smooth operation of the two economies. At the same time, Enbridge's natural gas assets transport 20% of the natural gas used in the United States, and the company's natural gas utilities supply the fuel to millions of Canadian homes and businesses.

Enbridge also has a growing renewable energy group with wind, solar, and geothermal sites. In addition, Enbridge is investing in hydrogen and carbon-capture projects as well as export terminals. Enbridge spent US\$3 billion in 2021 to buy an oil export facility and connected infrastructure in Texas. The company recently announced a deal to take a 30% stake in the Woodfibre liquified natural gas (LNG) project in British Columbia. International demand for North American oil and natural gas is on

the rise, and Enbridge is in a good position to take advantage of the opportunity.

The current \$13 billion capital program should drive revenue and cash flow growth to support ongoing dividend increases and Enbridge has the financial firepower to make strategic acquisitions.

ENB stock trades below \$54 per share at the time of writing compared to more than \$59 in June. The pullback looks overdone and gives investors a chance to buy the stock at a nice discount.

## The bottom line on top stocks to buy for passive income

Enbridge is just one example of a reliable dividend-growth stock retirees can buy for a TFSA focused on passive income.

The TSX is home to many top dividend stocks that look oversold right now, and investors can quite easily put together a diversified portfolio that would produce an average dividend yield of 6%. On a TFSA of \$81,500, this would generate \$4,890 per year in tax-free income that won't put OAS at risk of a clawback. That's \$407.50 per month!

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)

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