



TFSA Passive Income: 1 TSX Dividend Stock to Buy and Hold for Decades

Description

A recent survey by the Chartered Professional Accountants of Canada (CPA Canada) found that around 65% of respondents listed worry about money as their number one concern. In the same survey, 47% also mentioned saving as the most stressful.

Many people are cutting back on spending or making drastic changes in spending habits to cope with inflation. Nonetheless, despite the financial crunch, 78% are confident they can make the right choices in managing debt, budgeting, saving, and investing. The last two items are critical because they can help you endure this inflationary period.

Save and invest

Cash is okay as an emergency reserve or hedge against inflation. However, it needs to grow during a prolonged inflation. Consider setting aside some to purchase growth assets like dividend stocks. Hold them in a Tax-Free Savings Account (TFSA), so that you can [create passive income](#) to cope better with high inflation.

The beauty of maintaining and contributing to the TFSA is that any investment income and capital gains are tax-free. Withdrawals, at any time and for any purpose, are also tax-free. Canadians, 18 years of age or older, with a valid social insurance number (SIN) are eligible to open a TFSA. Follow the rules and you'll have an income-generating account throughout your lifetime.

Ideal TFSA dividend stock

Suncor Energy ([TSX:SU](#))([NYSE:SU](#)) is one of the ideal dividend stocks to own and generate TFSA passive income. It's the first company to commercially produce crude oil from the oil sands of northern Alberta. The \$60.4 billion integrated energy company extracts, produces, and provides energy from a mix of sources, from oil sands to renewable fuels.

The energy stock had an amazing comeback from the oil slump in 2020. Today, with crude prices at

elevated levels, the oil bellwether is flush with cash. In Q2 2022, net earnings increased 360% to \$4 billion versus Q2 2021. Cash flow from operating activities rose 103% year over year to \$4.2 billion.

Kris Smith, Suncor's interim President and CEO, said, "Our confidence in our business and expected annual cash flows enabled us to return approximately \$3.2 billion of value to our shareholders." The company repurchased approximately \$2.6 billion worth of shares and paid \$657 million in dividends.

Asset divestment

Suncor's immediate plan is to improve safety performance and focus on growth areas. In October, management announced the decision to sell Suncor's wind and solar assets to **Canadian Utilities Limited**. Smith said, "Divesting these wind and solar assets further streamlines our portfolio so that we can concentrate our efforts on our core business."

More importantly, the divestment would enable Suncor to concentrate on energy expansion, particularly in hydrogen and renewable fuels. The ultimate goal is to be net zero by 2050. The parties expect the \$730 million transaction to close in Q1 2023 after regulatory reviews and approvals.

Long-term hold

[Energy stocks](#), especially Suncor Energy, continues to shine in 2022. Current investors enjoy a 44.1% year-to-date gain. At \$44.23 per share, the dividend yield is an attractive 4.25%. A \$20,000 investment will produce \$212.50 in passive income every quarter. You can buy and hold this dividend stock for decades.

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1. Dividend Stocks
2. Energy Stocks
3. Investing

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Date

2025/08/17

Date Created

2022/10/07

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