



TFSA Passive Income: How to Earn \$380 Per Month Tax Free for Life

Description

Canadian investors can leverage the benefits of the TFSA ([Tax-Free Savings Account](#)) to generate a stable stream of recurring income. As income generated under a TFSA is exempt from federal taxes, you can increase returns by at least 10% each year and build long-term wealth.

Hold dividend stocks in your TFSA

The TFSA can hold a variety of qualified investments such as bonds, stocks, and [exchange-traded funds](#). While bond rates are rising, and this asset class is classified as a fixed-income instrument, some blue-chip [dividend stocks](#) trading on the TSX offer generous dividend yields to investors.

Further, you can use the dividend payouts to buy additional shares of the company and snowball your earnings over time. Dividend stocks will also allow investors to derive capital gains over time.

The cumulative contribution room in your TFSA is \$81,500, which is sufficient enough to build a steady stream of dividend income each year. While it's advisable to have a diversified portfolio of around 15 stocks, I have identified three TSX blue-chip stocks to demonstrate how you can earn \$380 in tax-free monthly income.

Enbridge

One of the largest Canadian companies on the TSX, **Enbridge** ([TSX:ENB](#)) is a diversified energy infrastructure company. It owns and operates oil pipelines, energy storage, and transportation assets, wind and solar farms, a regulated utility, and natural gas pipelines. These cash-generating assets allow Enbridge to pay investors a forward yield of 6.55%.

Enbridge charges a fee to enterprises that use its assets. Its cash flows are also backed by long-term contracts, which are indexed to inflation. Due to predictable cash flows, Enbridge has increased dividends for 26 consecutive years.

It has allocated \$13 billion toward capital expenditures, which should drive dividend payouts higher in the near term. In fact, Enbridge expects to hike dividends by 3-5% through 2023.

TC Energy

Another midstream giant trading on the TSX, **TC Energy** ([TSX:TRP](#)) sports a forward yield of 6.2%. It operates three energy infrastructure businesses across North America.

After adjusting for dividends, TC Energy stock has returned 13% annually to shareholders between 2000 and 2021. The company has expanded its asset base from \$25 billion to more than \$100 billion, allowing it to increase dividends from \$0.80 per share to \$3.60 per share in this period.

TC Energy's portfolio of infrastructure assets and a capital-expenditure program valued at \$28 billion would enable further dividend increases in 2022 and beyond. It remains optimistic about achieving growth in each of the business lines in the upcoming decade, making TC Energy stock a compelling bet right now.

Brookfield Renewable Partners

The final dividend stock on my list is **Brookfield Renewable Partners** ([TSX:BEP.UN](#)). Shares of the renewable energy giant are down 30% from all-time highs, increasing its dividend yield to a tasty 4.1%.

The secular global shift towards clean energy solutions will act as a massive tailwind for Brookfield Renewable Partners over the next three decades. Several governments have pledged to fight climate change and reduce carbon emissions drastically, driving the need for renewable energy higher.

Brookfield Renewable is looking to gain market share in the clean energy segment and has a development pipeline capacity of 69 gigawatts, which is 200% higher than its current capacity.

The Foolish takeaway

Investing \$81,500 equally in the three stocks will allow investors to generate \$4,565 in annual dividends, indicating a monthly payout of \$380. You can use this article as a starting point to identify similar blue-chip dividend stocks and build a robust portfolio of dividend giants.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:TRP (Tc Energy)
4. TSX:BEP.UN (Brookfield Renewable Partners L.P.)

5. TSX:ENB (Enbridge Inc.)
6. TSX:TRP (TC Energy Corporation)

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