



TFSA Passive Income: Make \$526/Month Tax Free With Healthcare Stocks

Description

The [Tax-Free Savings Account \(TFSA\)](#) was launched all the way back in January 2009. Since then, it has become a favourite registered account among Canadians largely due to its flexibility. The TFSA can deliver for you in a big way, whether you are on the hunt for growth, income, or a blend of both. Today, I want to discuss how investors can look to generate passive income of \$526 per month in their TFSA going forward. In this hypothetical, we are going to be utilizing all our contribution room. That works out to \$81,500 in total.

It is important to note that investors should look to further diversify in their TFSAs or any other portfolio rather than cast their lot with only three equities. This hypothetical is effective in demonstrating how the TFSA can churn out passive income if you pick up the right investments. Let's jump in.

Here's a healthcare stock that offers nice passive income

Extendicare (TSX:EXE) is a Markham-based company that provides care and services for Canadian seniors. The Canadian senior population is set to achieve massive growth over the next decade. That should pique investor interest in stocks like Extendicare and its peers. Its shares have dropped 10% in 2022 as of close on October 7.

Investors got to see this company's second-quarter fiscal 2022 earnings on August 8. It delivered revenue growth of 5.3% to \$296 million. Meanwhile, net operating income jumped \$1.4 million to \$30.3 million.

This dividend stock closed at \$6.66 on Friday, October 7. In our hypothetical, we can snatch up 4,080 shares of Extendicare for a purchase price of \$27,172. The stock offers a [monthly dividend](#) of \$0.04 per share. That represents a very tasty 7.2% yield. This investment means we can generate passive income of \$163.20 per month in our TFSA.

This REIT is perfect for generating passive income in a TFSA

Northwest Healthcare REIT ([TSX:NWH.UN](#)) is a Toronto-based [real estate investment trust \(REIT\)](#) that owns and operates a global portfolio of high-quality healthcare real estate. This REIT has plunged 25% so far in 2022. That has pushed the stock into negative territory in the year-over-year period.

In the second quarter of 2022, Northwest saw the number of its properties grow to 232 compared to 190 at the end of the second quarter of 2021. Meanwhile, adjusted funds from operations (AFFO) rose to \$46.6 million compared to \$43.2 million in the prior year. Its occupancy remained strong at 97%.

Northwest closed at \$10.14 on Friday, October 7. In our hypothetical, we can snag 2,680 shares of Northwest REIT. That works out to a total price of \$27,175.20. The stock last paid out a monthly distribution of \$0.067 per share, which represents a very strong 7.8% yield. That means we can churn out passive income of \$179.56 in our TFSA every month.

One more healthcare stock that belongs in your TFSA right now

Sienna Senior Living ([TSX:SIA](#)) is the third and final healthcare stock I'd look to snatch up in your TFSA in the first half of October. This Markham-based company provides senior living and long-term-care (LTC) services across Canada. Shares of this healthcare stock have dropped 24% in the year-to-date period.

This stock closed at \$11.50 per share on Friday, October 7. For our final purchase, we can snatch up 2,360 shares of this healthcare stock for a total price of \$27,140. Sienna offers a monthly distribution of \$0.078 per share. That represents a monster 8.1% yield. We can now generate monthly passive income of \$184.08 in our TFSA in October and beyond.

Conclusion

The investment in these healthcare stocks in our TFSA will allow us to churn out monthly passive income of \$526.84.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:EXE (Extendicare Inc.)
2. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
3. TSX:SIA (Sienna Senior Living Inc.)

PARTNER-FEEDS

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Date

2025/08/12

Date Created

2022/10/15

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