



TFSA Passive Income: Earn \$424 Tax-Free Each Month for Life

Description

The [market correction](#) is providing retirees and investors seeking TFSA passive income with a chance to buy top TSX dividend stocks at discounted prices. The TFSA limit increased by \$6,000 in 2022. Investors now have as much as \$81,500 in TFSA contribution space to generate tax-free earnings.

Enbridge

Enbridge ([TSX:ENB](#)) is a major player in the Canadian and U.S. energy infrastructure industry. It owns extensive oil and [natural gas](#) pipelines that connect producers to refineries, storage sites, utilities, and export terminals. The company moves 30% of the oil produced in Canada and the U.S. and 20% of the natural gas used by American consumers and businesses.

Enbridge also owns natural gas distribution utilities that deliver fuel to millions of Canadian customers. Additionally, the company has a growing [renewable energy](#) division with wind, solar, and geothermal assets.

Looking ahead, Enbridge is making investments to take advantage of changes in the energy industry. The company purchased an oil export terminal in Texas last year for US\$3 billion. Enbridge is also buying a 30% stake in the Woodfibre liquified natural gas (LNG) project that's being built in British Columbia. North American oil and natural gas are in high demand as countries seek out reliable sources of fuel from stable suppliers. Enbridge is in a good position to benefit from this trend.

The stock trades near \$51.50 per share at the time of this writing compared to more than \$59 in June. Given the strong outlook for oil and gas demand, the pullback appears overdone. As an added benefit, investors who buy ENB stock at the current level can get a juicy 6.6% dividend yield. Enbridge has raised its dividend in each of the past 27 years.

Manulife

Manulife ([TSX:MFC](#))([NYSE:MFC](#)) trades for less than \$22 per share at the time of this writing

compared to \$28 at one point this year. Insurance and wealth management stocks have taken a hit in 2022. The jump in morbidity and mortality claims caused by the Omicron variant near the start of the year increased payouts. This was followed by the downturn in the stock market, which has hit Manulife's asset management and wealth management divisions.

Near-term volatility is expected, but the long-term prospects are attractive for Manulife and its investors. The company has strong insurance and wealth management operations in Canada and the United States. Its Asia business continues to grow as an expanding middle class is resulting in higher demand for insurance and investment products.

Manulife generated record profits in 2021. While 2022 has been a challenging year so far, the company could surprise to the upside in the coming quarters as higher interest rates drive up returns on the cash the company sets aside to cover potential claims.

Investors who buy MFC stock at the current level can get a tasty 6% dividend yield.

The bottom line on top stocks to buy for passive income

Enbridge and Manulife are good examples of high-yield dividend stocks that look [undervalued](#) right now. Income investors looking to build a [diversified portfolio](#) of top dividend stocks for a TFSA focused on passive income can easily buy a basket of stocks that currently pay an average yield of 6.25%. This could generate \$5,093.75 per year in tax-free income. That's more than \$424.00 per month!

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:MFC (Manulife Financial Corporation)
2. TSX:ENB (Enbridge Inc.)
3. TSX:MFC (Manulife Financial Corporation)

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