



TFSA: Invest \$50,000 and Get \$336,375 + \$127/Month in Passive Income

Description

The [TFSA \(Tax-Free Savings Account\)](#) could prove to be a great boon for long-term stock investors. Using the TFSA, investors can expect to earn outstanding tax-free returns on their investments and also receive reliable monthly passive income for life.

In this article, I'll highlight one of the best monthly [dividend stocks in Canada](#) that TFSA investors can consider buying right now.

Best monthly dividend stock for TFSA investors

When you're investing in stocks for the long term, you should ideally pick stocks from sectors with huge growth potential. Keeping this principle in mind, **Northland Power** ([TSX:NPI](#)) could be an amazing stock for TFSA investors to buy now.

It's a global power producer headquartered in Toronto, mainly focused on clean energy sources. Northland has a market cap of \$9.6 billion, as its stock trades at \$39.30 per share with about 4% year-to-date gains. While it continues to outperform the **TSX Composite** in 2022, it has seen more than 12% value erosion in the last couple of months due mainly to rising concerns about slowing global economic growth.

NPI distributes its dividend on a monthly basis and has an attractive dividend yield of around 3% at the current market price. Now, let's learn a little bit more about Northland Power's fundamental outlook that makes it a great monthly dividend stock for TFSA investors.

Strong fundamental outlook with growing demand

It's always a good idea for TFSA investors to consider investing in companies with well-diversified revenue streams. For example, Northland Power makes more than half of its total revenue from the offshore wind segment, while the remaining comes from its efficient natural gas, onshore renewables, and utility segments. Apart from its home market, the company also makes a large portion of its

revenue from other key markets like the Netherlands, Germany, and Latin America.

In the five years between 2016 and 2021, Northland Power's total revenue jumped by 90%, and most of its revenues are under long-term contracts. As authorities across the world are becoming more cautious about environmental issues, including global warming, more countries than ever are racing to adopt clean energy. Growing demand is the key reason why Northland's [renewable energy](#) infrastructure is likely to expand significantly in the next couple of decades, and it's already focusing on significant opportunities with about 14 gigawatts of the [development pipeline](#).

Bottom line

These positive factors should help Northland Power accelerate its financial growth in its stock rally in the long run. Even with conservative estimates, you could expect NPI stock to deliver an average yearly return of about 10%.

So, if you invest \$50,000 in the stock right now, your invested money could grow to around \$336,375 in the next 20 years. And with that investment at the current market price, you'll also receive about \$127 in monthly passive income from its dividend, which is equivalent to around \$1,524 a year.

This example gives a good idea of how TFSA investors can multiply their savings by investing in quality dividend stocks. But long-term investors should always try to minimize their risks by adding multiple dividend stocks to their portfolio instead of relying on a single one.

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Author

jparashar

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