



## TFSA Passive Income: Earn \$130/Month Tax Free for Decades

### Description

Canadian stocks have been highly volatile amid high inflation and rising interest rates. Meanwhile, uncertainty over the economic trajectory further remains a concern. Despite the volatility and uncertainty, investors can easily earn steady and tax-free passive income in their [TFSA](#) (Tax-Free Savings Account) by investing in top [Canadian dividend stocks](#).

Thankfully, the TSX has multiple stocks with a solid history of dividend payments and growth. Further, a few have been growing dividends for over 25 years, indicating strength of their business model and the resiliency of payouts.

So, if you want to make a steady tax-free passive income, regardless of where the market moves, consider investing in the following three Dividend Aristocrats now.

### Enbridge

With a dividend-growth history of 27 years (dividend increased at an average annualized rate of 10%), **Enbridge** ([TSX:ENB](#)) is must-have stock to earn tax-free passive income. It runs an energy infrastructure business with 40 diverse cash flow streams to support its payouts. Further, contractual arrangements to reduce price and volume risk and a growing adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) support its distributable cash flow (DCF) per share and dividend payments.

Investors should note that Enbridge has raised its dividend amid all market conditions (including 2008-2009's recession and the COVID-19 pandemic). This shows the strength of its business model. Further, its two-pronged growth strategy, including expanding conventional pipelines and increasing renewable power-generation capacity investments, positions it well to capitalize on growing energy demand.

About 80% of Enbridge's adjusted EBITDA has protection against inflation. Moreover, the high utilization of its assets, new secured projects, and strategic acquisitions will likely support its DCF per share and drive future dividend payments. It pays a quarterly dividend of \$0.86 a share, implying a

lucrative yield of 6.4%.

## Canadian Utilities

From energy, let's move to utilities. The companies in the utility sectors have regulated cash flows, implying that they generate predictable cash flows to support their payouts. Further, their business remains immune to economic cycles, implying that their payouts are well protected. Within the utility space, let's take a look at **Canadian Utilities** ([TSX:CU](#)) stock.

Canadian Utilities is among the [safest stocks](#) to add to your TFSA portfolio for regular passive income. It has raised its dividend for 50 years — the highest among all Canadian corporations. Its growing rate base, continued investments in regulated and contracted assets, and cost-control measures indicate that Canadian Utilities could continue to grow its dividend in the coming years, making it a solid passive income stock.

It pays a quarterly dividend of \$0.44 a share, translating into a dividend yield of 5.1%.

## Fortis

**Fortis** ([TSX:FTS](#)) is another gem in the utility sector to earn worry-free passive income for decades. It owns and operates a regulated electric and gas utility business that remains immune to economic cycles. Fortis has paid and raised its dividend for 49 years, thanks to its low-risk business and solid cash flows. Further, it plans to grow its dividend by 6% per annum through 2025.

Fortis is expanding its rate base through its \$20 billion capital program, which will support its earnings growth and dividend payments. Moreover, its growing renewable power capacity is a positive. The visibility over its future dividend and a resilient business make Fortis an attractive income stock. Investors can earn a dividend yield of 4.3% by investing in Fortis at current levels.

## Bottom line

These three Canadian stocks offer an average dividend yield of over 5.2%. Thus, an investment of \$30K in these stocks via a TFSA would help you easily earn a tax-free passive income of \$130 every month for life.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:CU (Canadian Utilities Limited)
2. TSX:ENB (Enbridge Inc.)
3. TSX:FTS (Fortis Inc.)

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