



## TFSA Investors: How to Earn \$500 a Month in 2023

### Description

The contribution limit for the [Tax-Free Savings Account](#), or TFSA, for 2023 has been increased to \$6,500 to reflect an ongoing period of red-hot inflation rates. So, the total TFSA contribution limit for Canadian residents will stand at \$87,500 in 2023.

The TFSA is a registered account and is extremely popular among Canadians. As it is a tax-sheltered account, the TFSA can be used to hold blue-chip dividend stocks such as **Algonquin Power & Utilities** ([TSX:AQN](#)).

In the last 10 years, AQN stock has returned 240% to investors in dividend-adjusted gains. Comparatively, the S&P 500 index has surged 228% in this period.

But the ongoing selloff has also dragged AQN stock lower by almost 34% from all-time highs, allowing you to buy the dip. Let's see why Algonquin Power is a top bet for your TFSA portfolio in 2023.

### Is AQN stock a buy or a sell?

Algonquin's renewable energy and regulated services business segments are collectively known as Liberty, which provides rate-regulated natural gas, water, and electricity transmission and distribution utility services to one million connections in North America.

Despite a challenging macro environment, AQN increased its adjusted EBITDA (earnings before interest, tax, depreciation, and amortization) by 18% year over year in the second quarter. A business built from long-lived assets and strong operations, AQN has consistently delivered stable financial results to shareholders.

It has a five-year capital plan totaling \$12.4 billion, which should expand the company's base of cash-generating assets and drive future cash flows higher. AQN also completed the acquisition of Liberty New York this year, which serves more than 127,000 customer connections across seven New York counties. Now, the water sector accounts for 45% of total customer connections and 15% of regulated business EBITDA.

At the end of the second quarter, AQN stated that around 82% of its output is sold under long-term contracts, indicating its cash flows remain predictable across market cycles.

AQN is also focused on lowering its cost base over time. The company has reduced its operations and maintenance efficiency ratio from 66% in 2012 to 42% in 2021. The ratio is AQN's operating cost as a percentage of total revenue. It aims to reduce the ratio to 35% by 2026, driving dividends and cash flows higher in the future.

## AQN is a top dividend stock on the TSX

Algonquin Power & Utilities offers investors a dividend of \$1 per share annually, indicating a forward yield of 6.81%. In the last 10 years, these payouts have increased at an annual rate of 13.5%, making the stock extremely attractive to income-seeking investors.

If you invest a hypothetical \$87,500 in AQN stock right now and hold it in your TFSA, you will generate \$6,000 in annual dividend payments, translating to a monthly payout of \$500. Further, if these payouts are increased by 8% annually, monthly dividend payments will surpass \$1,000 in the next 10 years.

This is just an example of a quality dividend stock that you can buy and hold in your TFSA and benefit from a steady stream of dividend income as well as capital gains. You can identify similar companies with tasty yields and strong financials to create a robust portfolio of [dividend stocks](#) for your TFSA.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:AQN (Algonquin Power & Utilities Corp.)

### PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

## PP NOTIFY USER

1. araghunath
2. kduncombe

## Category

1. Dividend Stocks
2. Investing

## Date

2025/07/19

## Date Created

2022/11/10

## Author

araghunath

default watermark

default watermark