



TFSA: Invest \$900 in 3 Stocks and Get \$220 in Monthly Passive Income

Description

The stock market is volatile as the fear of recession reduces investor confidence. At such times, only hard cash can bring stability. Thus, investors are attracted to passive income investing avenues that give less but assured returns in these difficult times.

Investors looking for passive income to navigate the market downturn

According to the Finder *Bear Market Blues* [survey](#), Canadians are considering investing in dividend stocks and [index funds](#) to navigate the stock market. They have adopted a buy-and-hold strategy because they are optimistic about the revival of Canada's economy.

Here are a few dividend stocks that can give you regular annual passive income.

Green passive income

The wind energy company **TransAlta Renewables** ([TSX:RNW](#)) is a good stock to buy at a 22% discount. The stock started descending in August as extended outages at the Kent Hills wind farm affected the company's profit and cash flows. TransAlta's [third-quarter](#) revenue surged 9% as it began commissioning the Windrise wind facility. However, inflation started affecting the profits of some businesses, and TransAlta is not immune.

TransAlta's adjusted EBITDA fell as high inflation increased its operating expenses. Moreover, it started repaying the South Hedland debt, which affected its distributable cash flow. In 2020, TransAlta took out an AUD\$800 million secured loan on the 150 MW combined cycle gas power plant in Western Australia. All these factors are short-term, and it is just a matter of time before the company returns to growth. Its secular demand for renewable energy remains intact.

The independent power producer (IPP) expects to achieve the lower end of its cash flow guidance,

which means no dividend cuts for some time. In the worst-case scenario, the company might slash its dividend by a third, but I don't see any signs of that happening anytime soon.

If you invest \$300 in TransAlta stock every month for five years, you will have \$18,000 invested in the stock. RNW stock has a five-year average price of \$18. So the \$300 monthly investment can buy you roughly 1,000 shares of TransAlta. Assuming that the company maintains its current annual dividend per share of \$0.94 over the next five years, your TransAlta stock can pay you \$940 annually, or \$78 monthly, in passive income for several years.

Growing passive income

BCE ([TSX:BCE](#)) stock is trading back at its average price range of \$63-\$65 as the growing 5G subscriptions increase its cash flows. Its Q3 adjusted EBITDA grew 1.2% and revenue rose a slower 3.2% as inflation increased costs.

However, its free cash flow surged 13.4% as its three-year accelerated capital expenditure program nears completion. BCE is a dividend aristocrat, and the move to the fifth generation wireless offset the weak macro environment. I do not expect the recession to impact BCE's dividend payments.

With a \$300 monthly investment in BCE stock for five years, you can have 277 shares in your Tax-Free Savings Account (TFSA). Even though the company has a history of growing dividends, it maintained stable dividends during the macroeconomic crisis. So assuming BCE maintains its annual dividend per share of \$3.68 this recession, your \$300 monthly investment can earn you \$1,020 annually, or \$250 quarterly, in passive income by 2027.

Allied Properties

Allied Properties ([TSX:AP.UN](#)) stock has taken a 47% drop since the interest rate hike began in March, as the value of its commercial properties declined. This REIT is more affected than others as its urban workspace environment is feeling the pinch of the anticipated recession. Many companies are stretching their leasing negotiation timeframes as they remain cautious about their expansion plans.

The REIT has sufficient cash to pay distributions for as long as the recession lasts. But a delayed recovery could force the REIT to slash distributions. So far, the REIT is a great value to add to your passive income portfolio. A \$300 monthly investment in Allied Properties for five years can buy you 391 shares of the REIT and bring your total annual passive income to \$685.

Investor note

The above calculation of \$220 in monthly passive income earnings from a \$900 monthly investment assumes that things don't worsen from this point. But the forecast is subject to error. If you could accurately predict the future, you would probably be the richest person on the planet. But uncertainty helps some investors make alpha returns in stock markets.

CATEGORY

1. Dividend Stocks

2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. TSX:AP.UN (Allied Properties Real Estate Investment Trust)
3. TSX:BCE (BCE Inc.)
4. TSX:RNW (TransAlta Renewables)

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. cleona
2. pujatayal

Category

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

Date

2025/08/14

Date Created

2022/11/23

Author

pujatayal

default watermark

default watermark