



TFSA: Invest \$25,000 and Get \$241,157 + \$136/Month in Passive Income

Description

While [TFSA \(Tax-Free Savings Account\)](#) allows you to earn tax-free returns on investments, it could also help you earn extra cash each month. For that, you just need to pick some [fundamentally](#) strong monthly [dividend stocks](#) to invest in that you can hold for the long term.

In this article, I'll highlight one of the best Canadian monthly dividend stocks you can consider adding to your TFSA right now to generate passive income each month.

One of the best Canadian monthly dividend stocks for a TFSA

Most TFSA investors refrain from investing in stocks when stocks are falling. However, experienced investors can tell you that the market pullback could turn out to be the best time to buy stocks for the long term. Market corrections act as an opportunity that can help you add some quality stocks to your TFSA at a big bargain. That said, you should still pay attention to a stock's financial growth prospects to ensure you're not risking your hard-earned money by investing in a company with weak fundamentals.

Speaking of strong financial growth prospects, **TransAlta Renewables** ([TSX:RNW](#)) could be one of the best Canadian monthly dividend stocks you can consider holding for decades. This Calgary-headquartered energy firm has a [market cap](#) of \$3.8 billion at the moment, as its stock trades at \$14.36 per share with about 23% year-to-date losses. At this market price, TransAlta stock offers a very attractive 6.5% annual yield, and it distributes dividend payouts every month. Now, let me explain why it could be a great addition to your TFSA.

Strong future growth prospects

As its name suggests, TransAlta Renewables primarily focuses on power generation using natural gas and other renewable sources. Apart from eight natural gas power-generation plants, the company currently has an interest in 26 wind power facilities, 13 hydroelectric power facilities, and two solar power facilities. In the five years between 2016 and 2021, TransAlta's total revenue [jumped](#) by 81%

from \$259 million to \$470 million. While the global pandemic-related restrictions affected its business operations and earnings growth in the last couple of years, the company is on track to healthy financial recovery in the ongoing year.

The demand for [renewable energy](#) continues to surge thanks to global environmental awareness. This is one of the key reasons why TransAlta Renewables is focusing on the consistent expansion of its portfolio of clean power-generation facilities. Given the expected increase in the demand for its services and its expanding network, I see its financials grow at an exponential rate over the long term and help its stock soar.

COMPANY	RECENT PRICE	NUMBER OF SHARES	DIVIDEND	TOTAL PAYOUT	FREQUENCY
TransAlta Renewables	\$14.36	1,740	\$0.078330	\$136	Monthly

Prices as of Nov. 25, 2022

Bottom line

If you invest \$25,000 of your TFSA money in TransAlta Renewables stock right now, you can expect to earn around \$136 in monthly passive income from its dividends. Considering the demand and supply equation for renewable power, its stock has the potential to deliver at least 12% annual returns on average for at least the next two decades. Based on that, your \$25,000 investment today could grow into \$241,157 in the next 20 years. While you can multiply your TFSA wealth by investing it in dividend stocks, you shouldn't forget to diversify your portfolio by including more such quality dividend stocks.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:RNW (TransAlta Renewables)

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Date

2025/06/30

Date Created

2022/11/28

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