



TFSA Investors: An Easy Way to Boost Your Payouts to \$350 Per Month

Description

Buying high-quality dividend stocks offer a lot of advantages for Canadians, especially for Tax-Free Savings Account (TFSA) investors. Having the ability to earn tax-free income can go a long way — not just in helping investors to earn a higher income than those buying stocks in non-registered accounts but also due to the compounding potential that TFSA investors have.

As of 2022, the maximum that investors can contribute to their TFSAs is \$81,500. And in addition to that being a large sum for investors to diversify, it's a significant amount of capital to invest in dividend stocks.

For example, if your portfolio earns a yield of just 5.2%, investors can earn over \$4,200 per year, or more than \$350 a month, though not every company returns cash to investors monthly.

So, if you're looking to grow your passive income by investing in high-quality [dividend stocks](#) in your TFSA, here are two top stocks that return cash monthly to investors.

A top energy stock for TFSA investors

Owning energy stocks is important for investors all over the world to diversify their portfolios. Energy is one of the most important sectors of the global economy. And in Canada, we have hundreds of energy stocks to choose from.

If you're a dividend investor, though, and are looking for a high-quality stock to buy and hold in your TFSA for the long haul, **Freehold Royalties** ([TSX:FRU](#)) is one of the best stocks to consider.

Freehold is an attractive stock that earns royalties from other energy producers that use its land. This makes the stock a much lower-risk investment than several of its energy sector peers.

In addition, as energy production increases in North America, Freehold can benefit significantly without having to spend any capital on growing production.

Therefore, Freehold pays out a tonne of cash to investors. As of Monday's close, the stock now offers a yield of more than 6.4%, and its dividend has been increased twice already in 2022.

Another benefit that Freehold has is that if it chooses to invest capital in growth, it can acquire more land south of the border, where the economics are much more appealing.

Therefore, if you're a TFSA investor and looking for a high-quality stock to buy and hold for years to come, Freehold is one to strongly consider.

A top residential REIT to buy for the long haul

In addition to Freehold, another attractive stock for TFSA investors to consider adding to their portfolio is **Morguard North American Residential REIT** ([TSX:MRG.UN](#)).

Morguard is attractive first and foremost because it's a residential real estate investment trust (REIT), one of the most defensive industries you can invest in. In addition, though, the stock offers impressive diversification, with much of its portfolio spread across the United States.

Any diversification helps to lower risk, but in Morguard's case, it also exposes the stock to more growth potential. Many U.S. states have better fundamentals, and without rent caps, these residential REITs have more growth potential in the current environment.

So far this year, Morguard has already seen its same-property [net operating income](#) (SPNOI) in its U.S. portfolio increase by an average of 16% in the first two quarters of the year and another 20% in the third quarter. That's massive growth for a residential REIT.

In addition, its Canadian portfolio has seen growth, too, although not to the same extent. In the third quarter, SPNOI from its Canadian portfolio was up 10.5%.

This rapid increase in SPNOI allowed Morguard to increase its monthly distribution for the first time since 2019 this month, and now brings the stock's yield to over 4.4%.

So, if you're a TFSA investor and looking to increase your passive income, a high-quality monthly dividend stock like Morguard is one of the best investments to make in this environment.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. TSX:FRU (Freehold Royalties Ltd.)
2. TSX:MRG.UN (Morguard North American Residential Real Estate Investment Trust)

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