



TFSA Passive Income: Earn \$126/Month Tax Free for Decades

Description

Top [Canadian dividend stocks](#) are solid investments to generate steady passive income. But like any other investments, dividend stocks are not risk free, and dividends are not guaranteed. Even the [safest stocks](#) can announce a dividend cut in an adverse operating environment. However, investors can minimize risk by diversifying and investing in multiple companies.

Further, investors can invest in stocks with secured payouts, long dividend payment track records, and growing earnings to protect their passive income. Importantly, investors can leverage their TFSA (Tax-Free Savings Account) to earn tax-free dividend income.

Against this background, let's look at shares of three Dividend Aristocrats that are reliable investments to earn steady passive income. These companies have been growing their dividends for over 25 years and have resilient cash flows.

Bag these two utility stocks

Utility stocks are famous for their steady payouts. Their rate-regulated asset base generates predictable and growing cash flows, supporting their dividend payments. Moreover, their businesses are relatively immune to economic cycles, making them reliable investments for passive-income investors.

Investors can consider **Canadian Utilities** ([TSX:CU](#)) stock within the utility sector. It has increased its dividend for 50 consecutive years — the highest among publicly traded Canadian companies. Its rate-regulated and contracted assets generate solid cash flows to support its payouts. Moreover, Canadian Utilities's continued investments in these assets expand its earnings base to support future dividend payouts. It pays a quarterly dividend of \$0.444 a share, translating into a dividend yield of about 4.8%.

Its solid dividend-growth history, rate-regulated assets, and healthy dividend yield make Canadian Utilities a solid income stock.

Like Canadian Utilities, **Fortis** ([TSX:FTS](#)) is also popular for consistently growing its dividend. To be

precise, this [large-cap](#) stock has increased its dividend for 49 consecutive years. Fortis operates a regulated electric and gas utility business. Its regulated businesses generate steady cash flows and support higher dividend payments.

Through its \$22.3 billion, five-year capital plan, the company expects to drive its low-risk rate base at an average annualized rate of 6.2% through 2027. This will enable Fortis to grow its future dividend by 4-6% annually over the next five years.

Fortis pays a quarterly dividend of \$0.565 a share, reflecting a dividend yield of about 4.2%.

While Canadian Utilities and Fortis have conservative businesses, the rising interest rate environment poses challenges and could lead to a pause in dividend growth.

Invest in Enbridge

Enbridge ([TSX:ENB](#)) is a solid stock for investors to earn tax-free passive income. It raised its dividend for 27 consecutive years. Moreover, its contracted assets and diverse cash flow streams position it well to enhance shareholders' returns through higher dividend payments.

Its solid secured program, investment in pipeline assets, and expansion of renewable power-generation capacity bode well for growth. Also, its inflation-protected EBITDA (earnings before interest, taxes, depreciation, and amortization) and strategic acquisitions are expected to support its distributable cash flows and dividend payments. However, an adverse economic environment and a slowdown in demand for its assets could negatively impact its dividend payments.

Enbridge pays a quarterly dividend of \$0.86 a share, reflecting a dividend yield of about 6.1%.

Bottom line

These companies offer reliable dividends and are attractive investments to generate steady passive income.

Company	Recent Price	Number of Shares	Dividend	Total Payout	Frequency
Canadian Utilities	\$36.84	271	\$0.444	\$121	Quarterly
Fortis	\$54.09	185	\$0.565	\$104	Quarterly
Enbridge	\$55.94	179	\$0.86	\$154	Quarterly

Prices as of 11/25/22

The table shows that an investment of \$10K in each of these stocks via TFSA could help you earn approximately \$379 in passive income every quarter, or over \$126 per month.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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

PARTNER-FEEDS

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

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Author

snahata

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