



## How to Turn Your TFSA Into \$300 Cash Every Month

### Description

The benefits of the [Tax-Free Savings Account](#) (TFSA) can be leveraged to create a passive-income stream. For example, you can hold a basket of dividend-paying, blue-chip stocks in your TFSA and earn a stable stream of income each year.

It does not matter if you are just starting out your investment journey or nearing retirement, as the TFSA can help you build an alternative income stream. Further, any withdrawals in the form of dividends, capital gains, and interest are exempt from Canada Revenue Agency taxes. This tax-sheltered benefit of the TFSA has helped the registered account gain popularity in Canada since it was introduced back in 2009.

### Generating passive income in your TFSA

Given the benefits of the TFSA, let's see how it can be used to build a passive-income stream that equates to more than \$300 each month. While the TFSA contribution limit is \$6,000 for 2022, its cumulative contribution limit is much higher at \$81,500. So, to generate \$300 each month, or \$3,600 annually in dividend income, you need to buy and hold stocks with an average dividend yield of 4.4%.

I have identified five blue-chip [dividend stocks](#) trading on the TSX that offer a combined yield of 4.6% to shareholders. These five stocks can help TFSA investors to generate a steady stream of dividend income each year.

COMPANY	RECENT PRICE	NUMBER OF SHARES	DIVIDEND	TOTAL PAYOUT	FREQUENCY
Royal Bank of Canada	\$133.44	122	\$1.32	\$161.04	Quarterly
Enbridge	\$54.54	299	\$0.86	\$257.14	Quarterly
Telus	\$28.73	567	\$0.35	\$198.45	Quarterly
Fortis	\$54.22	301	\$0.57	\$170.07	Quarterly

Sleep Country    \$22.93    711    \$0.22    \$152.87    Quarterly

## Royal Bank of Canada

The largest company trading on the TSX, **Royal Bank of Canada** ([TSX:RY](#)), currently offers investors a dividend yield of 3.9%. Canadian banks are well capitalized, allowing them to combat a challenging macro-environment comfortably.

Trading 10% below all-time highs, RY stock, is priced at 11.4 times forward earnings, which is quite cheap. Despite being part of a cyclical sector, Royal Bank of Canada has increased its dividend by 11.2% annually in the last 27 years.

## Enbridge

An energy behemoth, **Enbridge** ([TSX:ENB](#)) remains a top bet for income-seeking investors. Its investment-grade balance sheet, consistent cash flows, and generous dividend yield have allowed ENB stock to return 1,110% to shareholders in the last 20 years.

Despite its outsized gains, ENB stock offers investors a dividend yield of 6.3%, and these payouts have increased by 10% in the last two decades.

## Telus

One of the largest telecom companies in Canada, **Telus** ([TSX:T](#)) offers shareholders a dividend yield of 4.9%. Telus is part of a defensive sector, and the stock is down 17% from all-time highs. Telus has also crushed broader market returns since December 2002 and is up 1,320% in this period.

Further, Telus has increased its dividend at an annual rate of 11.6% in the last 20 years.

## Fortis

Another TSX giant, **Fortis** ([TSX:FTS](#)) is a utility company with a forward yield of 4.2%. Utility companies are recession-resistant and generate cash flows across business cycles. This predictable stream of cash flows has allowed Fortis to increase dividends for 48 consecutive years.

Since December 2002, these payouts have increased by almost 8% annually.

## Sleep Country

The final TSX stock on my list is **Sleep Country** ([TSX:ZZZ](#)), which yields 3.9% right now. Priced at eight times forward earnings, Sleep Country is forecast to increase profit margins by 21% annually in the next five years. It's also trading at a discount of 18% to consensus price target estimates.

## Bottom line

An investment of \$81,500 distributed equally in these five TSX dividend stocks will help investors earn \$939.56 in annual dividend income, indicating monthly payouts of almost \$315.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:ENB (Enbridge Inc.)
2. TSX:FTS (Fortis Inc.)
3. TSX:RY (Royal Bank of Canada)
4. TSX:TD (The Toronto-Dominion Bank)
5. TSX:ZZZ (Sleep Country Canada)

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1. araghunath
2. kduncombe

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### Author

araghunath

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