



TFSA Passive Income: How Canadians Can Earn \$366 Per Month Tax Free

Description

The Tax-Free Savings Account (TFSA) limit is \$6,500 in 2023. This increase takes the cumulative total TFSA contribution space to a maximum of \$88,000 for people who have qualified for the TFSA since its inception in 2009.

Retirees and other investors seeking tax-free passive income use their TFSA to hold investments that deliver steady earnings. [Guaranteed Investment Certificates](#) (GICs) finally offer attractive returns after the surge in interest rates that has occurred over the past year and should be included as part of a diversified TFSA portfolio.

In addition, many top-quality TSX dividend stocks still provide better yields than GICs right now and offer the benefit of growing their dividends each year.

BCE

BCE ([TSX:BCE](#)) is Canada's largest communications business with a current [market capitalization](#) around \$57 billion. The stock trades below \$62 at the time of writing compared to more than \$73 at one point last year, so investors have a chance to buy BCE on a nice dip to secure a dividend yield of close to 6%.

BCE should be a good stock to own during a recession. The company gets most of its revenue from essential mobile and internet service subscriptions. Even the TV subscription revenue should hold up well during tough times. People are likely to cut other discretionary spending before cancelling their entertainment budget.

This doesn't mean BCE is recession-proof. The firm's media group, which included a television network, specialty channels, and radio stations could see advertising revenue drop, as businesses tighten their belts.

BCE is expected to report full-year 2022 results that met revenue, earnings, and free cash flow growth guidance when it announces the numbers on February 2, 2023. A dividend increase of around 5% is

likely on the way for this year. BCE increased the distribution by at least 5% in each of the past 14 years.

TC Energy

TC Energy ([TSX:TRP](#)) can be a volatile stock, so you want to pick it up during a pullback. The share price has bounced around between \$50 and \$75 over the past five years.

The drop from the 2022 high around \$74 to the current price near \$58 is largely due to troubles on the Coastal GasLink pipeline project that TC Energy is building in British Columbia. The line will carry natural gas from producers in northeastern B.C. to a new liquified natural gas (LNG) facility on the coast of the province.

At this point, most of the bad news on the project should be in the rearview mirror. TC Energy sorted out a disagreement on cost sharing with LNG Canada last summer and the pipeline is now 80% complete. A new cost update is expected in early 2023.

Despite the Coastal GasLink challenges, TC Energy is still projecting 6% compound annual growth in earnings before interest, taxes, depreciation, and amortization (EBITDA) through 2026, supported by the \$34 billion capital program.

Dividend growth is projected to be 3-5% per year over that timeframe. Investors who buy the stock at the current price can get a 6.2% dividend yield.

The bottom line on TFSA passive income

BCE and TC Energy are good examples of top TSX dividend stocks that pay attractive distributions that should continue to grow.

Investors can quite easily build a diversified portfolio of high-yield stocks and GICs right now that would deliver an average yield of at least 5%. On a TFSA of \$88,000, this would generate \$4,400 per year in tax-free income. That's more than \$366 per month!

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:BCE (BCE Inc.)
2. TSX:TRP (TC Energy Corporation)

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