



TFSA Passive Income: How I'm Investing to Make \$2,000/Year From Dividends

Description

In 2022, I made a commitment to increase my dividend income. As I wrote in a previous article on the topic, I received \$1,255 per year in dividend income last year, which worked out to \$104.50 per month. This amount was based on an \$82,000 portfolio. Later, I wrote a follow-up article in which I stated my goal to get up to \$2,000 per year in dividends. This year, I have increased my dividend investments, and a few of the companies I invest in raised their dividends. Accordingly, my projected dividend income has moved closer to my stated goal. In this article, I will explore the progress I've made toward my dividend income goal, and how I plan to reach \$2,000 per year by the end of the year.

Progress since my last article published

Since my previous article on my dividend investments, I have made some investments that have increased my dividend income. These included:

- Adding to **Bank of America** ([NYSE:BAC](#)) and **Toronto-Dominion Bank** ([TSX:TD](#)).
- A new position in **Taiwan Semiconductor Manufacturing**.

As a result, my projected income from my [brokerage](#) now reads as follows:

- Account #1: \$1,126.37 per year.
- Account #2: \$438.80.
- Account #3: \$26.42.
- TOTAL: \$1,591.

So, I am now up to \$1,591 in annual dividends, which works out to \$132.91 per month.

Amazingly, this \$336 increase in my annual dividends was achieved without even investing that much money. So far this year, I've only invested about \$1,500. The big increase largely came from a dividend hike by TD Bank. When I wrote my last article about my dividend portfolio, TD was paying a dividend of \$0.89 per share. On the date of its previous earnings release, it hiked the dividend by 8%, to [\\$0.96 per share](#). The lion's share of my increase in projected income came from that. The rest came

from buying more shares of Bank of America and Taiwan Semiconductor.

How I plan to increase my dividends even further

Speaking of Bank of America:

That stock is a big part of my plan for increasing my dividend income in 2022. This month, BAC put out an earnings release that easily beat analyst expectations, boasting metrics like:

- 29% growth in net interest income.
- 3.6% growth in earnings per share.
- 23% growth in pre-tax pre-provision income.

That last point requires some explanation. “Pre-tax, pre-provision” income means income that the bank would have earned were provisions for credit losses (PCLs) not part of the picture. PCLs are reserves that a bank has to take out against potential defaults (i.e., people not paying interest on time). Many people think that we will enter a recession this year, so naturally, [banks](#) are raising their PCLs, which is causing earnings to go down. However, if in the future this recession does not occur, the banks (including BAC) will be able to lower their provisions. That will cause earnings to go up, reaching a growth rate more in line with what BAC reported for “pre-tax pre-provision income.”

So, Bank of America is one stock I expect to increase my dividend income in the year ahead. In fact, I expect all of my dividend stocks to do so.

CATEGORY

1. Bank Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NYSE:BAC (Bank of America)
2. NYSE:TD (The Toronto-Dominion Bank)
3. NYSE:TSM (Taiwan Semiconductor Manufacturing Company Limited)
4. TSX:TD (The Toronto-Dominion Bank)

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Author

andrewbutton

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