



TFSA: How to Earn Effortless (and Tax-Free!) Income

Description

If you want to earn passive income in a tax-efficient manner, the TFSA ([Tax-Free Savings Account](#)) is the ideal place to invest. Every bit of investment income earned in the TFSA is safe from tax. You can invest in everything from GICs (Guaranteed Investment Certificates) to bonds to [indexes](#) to stocks in a TFSA.

Effortless tax-free investing

Other passive-income investments, like rental properties or small businesses, can be a tonne of work (and they aren't tax free). Yet investing in stocks can be relatively effortless, especially if you take a long-term approach. Take time to research great businesses, pick them up when they trade at [cheap](#) or fair valuations, hold them for years, and collect the dividends they pay.

It can be as effortless as that. In fact, a hands-off approach to TFSA investing can be one of the most effective ways to building wealth. If you are looking to build a TFSA portfolio that generates effortless passive income, here are two well-known stocks that can provide a growing income stream.

TELUS: A dividend-growth stock for any TFSA

With a market cap of \$40.7 billion, **TELUS** ([TSX:T](#)) is a widely recognized telecommunication name across Canada. Over the past few years, it has been [gaining market share](#) due to smart investments in infrastructure and attractive service bundling options.

Most people know TELUS for its internet and cellular services, but many would be surprised to know that it is a Canadian leader in virtual healthcare, agriculture/food technologies, and digital customer experience services (including artificial intelligence, app development and automation).

These businesses differentiate TELUS from the rest of the pack. It also helps that TELUS stock earns a nice 4.85% dividend yield. It has a long-term track record of growing that dividend by +7% a year. For income and potentially modest growth, this is an interesting TFSA stock to own.

TD Bank: A long-term stock for tax-free income

Toronto-Dominion Bank ([TSX:TD](#)) is another household company that TFSA investors can buy and hold for a long period. With a market cap of \$166 billion, it is Canada's second-largest bank and second-largest stock.

TD is a leader in the Canadian and American retail banking space. While it doesn't have as many growth options like TELUS, it has the network, scale, balance sheet, and brand that give it a competitive advantage. TD made two big American acquisitions last year that could help create some decent growth.

This TFSA stock has a good history of earning around 10% annual average returns. It has a very long history of annually growing its dividend. It grew its dividend by a 9.4% compounded annual rate over the past decade.

Today, this stock yields 4.15%. That is above its five-year average, which suggests it may be a decent value buy if you can look out beyond the next few years.

The TFSA passive-income takeaway

The point is, you don't have to look far to find quality companies that pay attractive dividends. Many top dividend-growth stocks are Canadian household names.

Now, don't just buy stocks blindly. It is crucial to complete thorough research before you buy any investment. Once you have bought stocks you are happy with, the best thing you can do is *nothing*. Tuck them away in a TFSA, collect the passive income, re-invest the passive income, and slowly watch your wealth accumulate over time. There isn't much more effort required to get wealthy than that.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:T (TELUS)
2. TSX:TD (The Toronto-Dominion Bank)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin

4. Msn
5. Newscred
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