



TFSA Passive Income: Earn \$129/Month Tax Free

Description

The [Canadian stocks](#) started the year on a positive note, reflected by a 6% increase in the **S&P/TSX Composite Index** on a year-to-date basis. While stocks recovered a bit, the macroeconomic environment hasn't changed much. Thus, investors could find it difficult to generate capital gains amid volatility.

Nevertheless, investors can still earn steady passive income through [Canadian dividend stocks](#). The TSX has several stocks that continue to pay and grow their dividends, regardless of the economic situation. Further, Canadian investors can leverage the [TFSA \(Tax-Free Savings Account\)](#) to invest in dividend stocks to earn tax-free income.

However, investors should take caution as dividends are never guaranteed. However, one can focus on [safe stocks](#) with solid dividend payments and growth history. Moreover, investors should diversify their portfolios and not invest their entire capital in one or two stocks.

Against this backdrop, here are my three top picks that are a reliable bet to earn regular income. I zeroed in on [large-cap stocks](#) with long dividend-growth history and well-covered payouts. Let's begin.

Enbridge

Enbridge ([TSX:ENB](#)) is an attractive stock to add to your TFSA portfolio for generating tax-free income. The company has consistently increased its dividend for 28 years. This shows the strength of its business model and the resiliency of its distributable cash flows.

It operates an energy infrastructure business and benefits from the high utilization of its assets. Further, it has diversified revenue streams and long-term contracts to reduce price and volume risks. Additionally, most of its EBITDA (earnings before interest, tax, depreciation, and amortization) has protection against inflation.

Its solid secured projects, revenue escalators, and continued investments in conventional and renewable energy assets will likely support its distributable cash flows and future dividend payments.

Fortis

Fortis ([TSX:FTS](#)) is a solid investment for TFSA investors to earn steady dividend income. It operates a regulated electric and gas utility business. Thanks to the regulated asset base, it generates predictable cash flows that easily cover its dividend payments.

It has raised its dividend for 49 consecutive years. Moreover, it sees 4-6% annual growth in its future dividend. Through its \$22.3 billion capital plan, the company expects to expand its low-risk rate base to \$46.1 billion by 2027. This will enable the company to enhance its shareholders' returns through dividend hikes.

Overall, its low-risk business, growing rate base, and visibility over future payouts make it a must-have stock for income investors.

Canadian Utilities

Canadian Utilities ([TSX:CU](#)) operates a diversified global energy infrastructure business. The company increased its dividend every year for the last 50 years. Its payouts are supported by the growing earnings base, driven by its highly contracted and regulated asset base.

Canadian Utilities continues to invest in regulated utility and commercially secured energy infrastructure growth projects. These capital investments will likely drive its earnings and cash flows, and future dividend payments.

Bottom line

These Dividend Aristocrats offer reliable income and have attractive yields, making them solid investments to generate steady passive income.

Company	Recent Price	Number of Shares	Dividend	Total Payout	Frequency
Enbridge	\$54.46	184	\$0.887	\$163	Quarterly
Fortis	\$55.64	180	\$0.565	\$102	Quarterly
Canadian Utilities	\$36.29	276	\$0.449	\$124	Quarterly

Prices as of 02/06/23

The table shows that a \$10K investment in shares of each of these companies through the TFSA could generate approximately \$388 in passive income every quarter, or about \$129 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
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