Need Passive Income? Here's How You Could Earn $450 Tax Free Each Month

Description

One way to create substantial wealth is by building multiple passive-income streams. Individuals can generate a steady stream of passive income by investing in blue-chip, dividend-paying stocks that derive cash flows across market cycles.

Further, if these stocks are held in a TFSA, or Tax-Free Savings Account, the dividend payouts will be exempt from Canada Revenue Agency taxes. Here, we'll look at three such quality TSX dividend stocks with tasty yields that will help shareholders earn $450 in tax-free income each month.

An energy giant

One of the largest companies in Canada, **Enbridge** (TSX:ENB), has generated market-beating returns in the last two decades. Since February 2003, ENB stock has returned 1,110% to investors in dividend-adjusted gains, beating the returns of the TSX, which is up 470% in this period. Despite its outsized gains, Enbridge currently offers investors a high dividend yield of 6.5%.

Enbridge is an integrated energy infrastructure company. It transports oil and natural gas through its vast network of pipelines across North America. The company is also expanding its reach in the clean energy segment, as renewables now account for 4% of total EBITDA (earnings before interest, taxes, depreciation, and amortization).

Enbridge continues to expand its base of cash-generating assets which should drive cash flows and dividends higher. These cash flows are predictable, as they are indexed to inflation and backed by long-term contracts.

A banking behemoth

Among the largest banks in North America, **Bank of Nova Scotia** ([TSX:BNS](#)) provides investors with a dividend yield of 5.6%. The banking sector is cyclical, but BNS stock has returned over 550% to shareholders in the last 20 years., showcasing the strength of its financials.

COMPANY	RECENT PRICE	NUMBER OF SHARES	DIVIDEND	TOTAL PAYOUT	FREQUENCY
Enbridge	$54.5	539	$0.8875	$478	Quarterly
BNS	$72.82	403	$1.03	$415	Quarterly
BCE	$61.78	475	$0.9675	$459.56	Quarterly

Equipped with a well-capitalized balance sheet and a conservative outlook, BNS has managed to thrive even during periods of recession. Unlike its counterparts south of the border, BNS maintained dividend payouts, even during the financial crash of 2008.

Priced at nine times forward earnings, BNS stock continues to trade at a discount and is a top bet at its current multiple.

A telecom heavyweight

The final TSX dividend stock on my list is **BCE** ([TSX:BCE](#)), a Canadian telecom company. Part of the legacy sector, BCE is now well poised to benefit from the shift towards 5G. With a beta score of just 0.48, BCE stock is ideal for those who avoid stock market volatility.

Its stable cash flows have allowed BCE to increase dividends at an annual rate of 5.8% in the last 20 years.

Despite a challenging macro environment, BCE increased operating cash flows by 18% to $2.05 billion, while free cash flows surged 64% to $376 million in the fourth quarter of 2022. This year, BCE aims to expand its fiber footprint to 650,000 more locations while continuing to accelerate 5G deployments in Canada.

The Foolish takeaway

The maximum cumulative TFSA contribution room for Canadians has increased to $88,000 in 2023. So, if this amount is distributed equally between the three TSX stocks, investors can earn $5,400 in annual dividends, indicating a monthly payout of $450. But you should also understand that dividend payments are not a guarantee, and individuals will have to make sizeable investments in each stock.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:BCE (BCE Inc.)

2. TSX:BNS (Bank Of Nova Scotia)
3. TSX:ENB (Enbridge Inc.)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. araghunath
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date
2025/07/22
Date Created
2023/02/11
Author
araghunath

Footer Tagline