How Retired Couples Can Earn an Extra $3,550 Per Year in Tax-Free Passive Income

Description

Life after retirement can be more enjoyable if you have financial freedom. Having a reliable source of tax-free passive income can help you and your partner live worry-free lives post-retirement. While there are multiple ways of creating a source of passive income, investing in some quality dividend stocks can certainly be one of the most flexible and easiest ones. In addition, you can use your TFSA (Tax-Free Savings Account) savings to invest in dividend stocks to make your passive income tax free.

In this article, I'll highlight one of the safest dividend stocks you can buy right now to earn $3,550 in tax-free passive income every year.

A safe Canadian dividend stock for passive income after retirement

Irrespective of your risk appetite, you should always make sure that the stock you invest in has a profitable business model, strong financial position, and good fundamental growth prospects. By doing so, you can filter out highly volatile stocks that could increase your risk profile in the long run.

Considering that, **Enbridge** (TSX:ENB) could be one of the safest dividend stocks to buy in Canada right now. This Calgary-based energy infrastructure and transportation company currently has a market cap of $109.6 billion, as its stock trades at $54.15 per share with about 2.5% year-to-date gains. At this market price, the stock offers an attractive dividend yield of 6.6% and distributes its dividend payouts every quarter.

Top reasons to buy this dividend stock now

Enbridge has a well diversified and reliable business model. It transmits nearly 20% of natural gas consumed in the United States, and its wide network of liquids pipelines accounts for roughly 30% of North America's crude oil transports and exports.

While this Canadian dividend stock might not help you double your money overnight, its steady returns and sustainable dividends can certainly help you and your life partner achieve financial freedom after retirement.

To give you a quick example of the strength in its financial growth trends, Enbridge's revenue grew by 20% in the five years between 2017 and 2022. The company's adjusted earnings during the same five-year period jumped by 43%, reflecting its improving profitability. Its strong financial growth could be the key reason why Enbridge has been able to increase its dividends for the last 28 consecutive years.

Besides its strong energy transportation business, the company is also focusing on expanding its presence in renewable power and oil export segments. These positive factors make it a great stock to own for years to come — especially if you want to earn safe passive income.

COMPANY	RECENT PRICE	NUMBER OF SHARES	DIVIDEND (QUARTERLY)	TOTAL YEARLY PAYOUT	DIVIDEND FREQUENCY
Enbridge	$54.15	1,000	$0.8875	$3,550	Quarterly
Prices as of Feb. 10, 2023					

Bottom line

If you add nearly $1,000 shares of Enbridge to your TFSA, you can expect to earn about $3,550 in tax-free passive income every year from its dividends. To own these many shares at the current market price, you'll have to invest $54,150 in the company right now. While this example gives you a good idea of how dividend investing can make your post-retirement life much easier, you should always aim to diversify your portfolio by including more such dividend stocks to it instead of relying on a single stock.

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