



Top Stocks for Passive Income: How to Earn \$276 Per Month Tax Free

Description

After witnessing a sharp selloff last year, [Canadian stocks](#) have started 2023 on a strong note, as signs of easing inflationary pressures boosted investors' confidence. As the stock market recovery continues, it could be the right time for [TFSA](#) (Tax-Free Savings Account) investors to consider buying some quality [dividend stocks](#). Besides potential capital gains, dividend investing can also help TFSA holders earn tax-free, monthly passive income.

In this article, I'll talk about two top Canadian dividend stocks you can add to your TFSA right now to receive \$276 in tax-free passive income each month.

My first monthly dividend stock pick

Mullen Group ([TSX:MTL](#)) is my first monthly dividend stock pick for TFSA investors right now. This Okotoks-based logistics company currently has a [market cap](#) of \$1.3 billion. Despite the broader market recovery, its stock has slipped 2.6% year to date to \$14.17 per share, making it look attractive to buy on the dip for the long term. In addition, MTL offers a 5.1% annual dividend yield and distributes its dividends payouts every month.

In 2022, Mullen Group's total revenue [rose](#) 35% YoY (year over year) to a record \$2 billion. More importantly, its adjusted earnings advanced 116% from a year ago to \$1.62 per share, exceeding analysts' estimate of \$1.37 per share by a wide margin. Incremental revenue from new acquisitions, higher fuel surcharge revenue, and better pricing were the key reasons that helped the company report strong results last year.

Although Mullen Group expects slowing economic and moderating consumer spending to affect its business growth in the short term, it plans to focus more on acquisition opportunities this year, which should boost its long-term growth outlook. Given that, TFSA investors can consider buying this monthly dividend stock on the dip.

My second monthly dividend stock pick

Sienna Senior Living ([TSX:SIA](#)) could be another trustworthy company to invest in right now that pays dividends every month. It's a Markham-headquartered company that primarily focuses on providing living options to seniors across Canada. It currently has a market cap of \$912.4 million, as its stock trades at \$12.45 per share with about 14.2% year-to-date gains. SIA's yearly dividend yield currently stands at 7.5%.

After the coronavirus-driven restrictions affected its operations, Sienna's revenue growth came back on track in the second of 2021. In the first three quarters of 2022, the company reported a 10% YoY increase in its adjusted revenue to \$543.6 million with the help of improved occupancy at its properties and rental rate increases.

While inflationary pressures and labour shortages will likely increase Sienna's cost burden in the near term, its long-term growth outlook remains solid, with expectations of strong demand for seniors' living options.

COMPANY	RECENT PRICE	NUMBER OF SHARES	INVESTMENT	DIVIDEND PER SHARE	TOTAL PAYOUT (Monthly)	DIVIDEND FREQUENCY
Mullen Group	\$14.17	2,000	\$28,340	\$0.06	\$120	Monthly
Sienna Senior Living	\$12.45	2,000	\$24,900	\$0.078	\$156	Monthly
		Total	\$53,240	\$0.138	\$276	

Prices as of
Feb. 16,
2023

Earn \$276 in monthly passive income

If you buy 2,000 shares of Mullen Group and Sienna each from your TFSA money now, you can expect to earn \$276 in tax-free, monthly passive income from their dividends, which is equivalent to about \$3,312 a year. To buy these many shares at their current market prices, you'll have to make a total investment of \$53,240. That said, to minimize your risks, you should always hold several dividend stocks in your portfolio at a time instead of investing a big sum of money in just one or two stocks.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:MTL (Mullen Group Ltd.)
2. TSX:SIA (Sienna Senior Living Inc.)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
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