



TFSA Couples: How to Make \$890/Month in Tax-Free Passive Income

Description

If you have a Tax-Free Savings Account (TFSA), you have the perfect means of creating passive income each and every month. But if you and your partner both have one? This can suddenly turn into practically a part-time job.

The combined total of your TFSA would come to \$176,000 of investment room in 2023. With that in mind, today, I'm going to look at how TFSA couples can create passive income on a monthly basis, starting right now — and a *lot* of it.

First, the stocks

If you're going to invest in a TFSA, then you want to have a diversified stream of income coming in. For me, that comes down to finding passive-income payers that are essential to our daily life. This would include infrastructure, utilities, and even Canadian banks are a solid choice.

Let's start off with Canadian bank **Canadian Imperial Bank of Commerce** ([TSX:CM](#)). While it doesn't provide a monthly [dividend](#), as it pays out quarterly, you can still bring in a lot of it. It currently has the highest dividend of the Big Six banks and trades at a great price — especially after its stock split last year.

Then I would look for a real estate investment trust (REIT) as many of these pay out each month. However, I would recommend **NorthWest Healthcare Properties REIT** ([TSX:NWH.UN](#)), as it's in the essential healthcare sector. We need hospitals and doctor's offices. And with a 14-year average lease agreement, you can lock up a solid dividend that isn't going anywhere.

Finally, do yourself a favour and just get a great monthly [dividend exchange-traded fund](#) (ETF). This is like picking up a bunch of stocks all at once but having a professional do it for you. And a great option is **BMO Monthly Income ETF** ([TSX:ZMI](#)). It holds about 59% in stocks and 25% in bonds, making it a great choice in times of trouble as well.

Adding it up

Let's look at the yields of all of these companies. CIBC stock currently has a dividend yield at 5.47%, with that dividend coming in at \$3.40 per share annually. NorthWest stock offers a whopping 8.21% dividend yield as of writing, which comes in at \$0.80 per share annually. Finally, ZMI has a 4.62% dividend yield, coming in at \$0.72 per share annually.

Now, I would never recommend you put everything you have in your TFSA towards just these choices. But for the sake of this article, let's use those numbers as an example to see what you could bring in at this point. We'll take that \$176,000 and divide it by three, putting the same amount towards each investment.

COMPANY	RECENT PRICE	NUMBER OF SHARES	DIVIDEND	TOTAL PAYOUT	FREQUENCY	TOTAL INVESTMENT
CM	\$62	946	\$3.40	\$3,217	Quarterly	\$58,667
NWH.UN	\$9.75	6,017	\$0.80	\$4,813	Monthly	\$58,667
ZMI	\$16	3,667	\$0.72	\$2,640.24	Monthly	\$58,667

That investment comes to a total of \$10,670.24 in annual passive income! Dished out monthly, that would be about \$890 per month! What you and your partner choose to do with it from there is up to you. But suffice it to say, that will certainly help during times of trouble and help you reach your goals.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CM (Canadian Imperial Bank of Commerce)
2. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
3. TSX:ZMI (Bmo Monthly Income ETF)

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Date

2025/08/12

Date Created

2023/02/21

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