TFSA Investors: 3 Stocks to Start Building an Influx of Passive Income

Description

Starting a passive income is more than just an investment decision. Passive income can boost your ability to save money for investments and help you sustain a good lifestyle without going into debt. A tax-free passive income generated by the dividend stocks in your Tax-Free Savings Account (TFSA) is even more attractive, because it gives a lift to your income without growing your tax bill proportionally.

An energy stock

Energy stocks in Canada may have lost some of their appeal as growth catalysts now that the sector's bullish phase has taken a pause, but dividends are a different story. **TC Pipeline** (TSX:TRP) has become discounted ahead of the sector and is currently trading at a price 23% lower than its 2022 peak.

The discount is not appealing by itself, especially considering its painful overvaluation, but it has pushed its yield to a tasteful level of 6.5%. You can generate a $136 monthly income at this yield by investing $25,000 in the company from your TFSA savings.

It's an attractive buy for dividends thanks to its stellar dividend history as well — i.e., over two decades of dividend growth. This makes TC just a few years closer to becoming an Aristocrat on the other side of the border. Lastly, as a pipeline stock, it may not be brutalized as hard as other energy stocks if the sector goes into correction mode.

A REIT

Even though the real estate sector in Canada is suffering as a whole, few real estate investment trusts (REITs) are as beaten down as **Allied Properties** (TSX:AP.UN). Despite being in the commercial real estate segment of the market, Allied Properties appears to be suffering from a *housing* bubble burst. One reason may be the shifting definition and demand for office spaces in Canada.

Even though for most people, the work-from-home trend is a remnant of the COVID past, and they are regularly working from the office (like in pre-pandemic days), the shift left a significant mark.

Many businesses are now opting for a hybrid working model, with some employees working from the office while others from home or employees working only some days from the office. These work modes have reduced the total office space needed and created cost-cutting opportunities.

This may be one of the factors that have pushed the REIT down 51% from its pre-pandemic peak. It has also pushed the yield up to 6.1%, making it a powerful pick for passive income from your TFSA.

A mortgage company

If you want to add more financial stocks to your dividend portfolio, **First National Financial** (TSX:FN) is a compelling pick. It is one of the largest non-bank mortgage lenders and has established itself as a leader in this niche market.

It's a good investment from a business model perspective, because non-bank lenders like First National are more flexible and can leverage market opportunities that big banks can't. The company offers both residential and commercial mortgage loans.

It's an attractive choice as a dividend stock, thanks to its 6.2% yield as well as its stellar dividend history and stable payout ratio.

Foolish takeaway

Another reason to consider all three stocks for your TFSA right now is that, as of now, they are all varying levels of discount. In a bull market, the stocks may go up, and the yields would naturally come down. If you buy now, you will be able to lock in good yields and also capitalize on any recovery-fueled growth the stocks may offer.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:AP.UN (Allied Properties Real Estate Investment Trust)
2. TSX:FN (First National Financial Corporation)
3. TSX:TRP (TC Energy Corporation)

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. adamothman
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date
2025/08/02
Date Created
2023/02/21
Author
adamothman