



Beating Next Year's RSP Deadline

Description

Canadians had to beat the RSP deadline to get money deposited into their RSP accounts before March 1. Although almost all were successful and made the contributions before 11:59 local time, there are always a few stragglers who miss the deadline.

For investors who purchase stocks in their brokerage accounts, arguably the best aspect of the account is the potential to hold cash in the account and not deploy the money into any individual security until the time is right.

The opportunity to hold cash offers every investor the potential to contribute money into an RSP account throughout the year, even if no investment is being made. The reality is, putting the \$500 per month into the account instead of \$6,000 annually works out to be almost the same. For investors wanting to make higher contribution, the monthly amount of \$1,000 works out to \$12,000 annually.

Although the total contributions work out to be the same throughout the year, the stress of figuring out what needs to be done on an annual basis diminishes significantly. For most Canadians, there is little change in the annual tax situation year over year. Even when special one-time things happen, the similarities coming from the other variables will often play out the same way year after year.

For those who make regular monthly contributions, it makes sense to make a purchase with every \$1,000 of available cash into a low-risk investment such as a REIT or utility company.

Enter the PIRET!

Currently trading close to \$6 per share, investors looking at a low-risk industrial REIT should consider shares of **Pure Industrial Real Estate Trust** (TSX:AAR.UN), or PIRET for short. It offers new investors a yield in excess of 5.25%. The company has experienced substantial growth over the past few years and is now looking south of the border.

As existing shareholders have done very well, the amount of upside still left in the share price remains to be seen. Currently, the company is expanding in the United States, meaning the money borrowed for expansion in addition to the expenses will be in U.S. dollars. The good news for this Canadian

company, however, is that the profits and cash flows remaining will be translated back into Canadian dollars; given the current exchange rate, investors will have a lot to smile about.

Hoping to offer motivation for investors to help themselves, the best part for those who take advantage of the situation is the monthly dividend offered by this REIT.

Because it operates in the industrial real estate sector, shares of PIRET may be one the lowest-risk investments currently available on the market. It offers investors a handsome yield, while not paying out too high a proportion of the free cash flow. Shares may be just what the doctor ordered.

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