



## Get This Cash Cow Before the RRSP Deadline

### Description

Making RRSP contributions is a great way to save taxes immediately and to invest for your retirement. It is particularly useful for people who fall in a high tax bracket.

The deadline for making an RRSP contribution for the 2017 tax year is March 1, 2018. So, there's still plenty of time to choose what you want to invest in.

If you're looking to build a stable income stream for your retirement, don't miss the opportunity to buy **Brookfield Property Partners LP** ([TSX:BPY.UN](https://www.boursecanada.ca/quotations/stocks/TSX/BPY.UN))(NYSE:BPY), which is trading at the lower end of its multi-year trading range right now.

Brookfield Property offers a juicy yield of nearly 5.5%. Moreover, its distribution can consist of interest and dividends from the United States. For example, in 2017, almost 60% of Brookfield Property's distribution were U.S. interests.

If the units were held in a non-registered account or Tax-Free Savings Account, there would be a 15% withholding tax immediately deducted on that 60%, which would ultimately be taxed at your marginal tax rate. [Holding the units in an RRSP](#) saves you from immediate taxation. You would have gotten the full distribution.



## The cash cow

Brookfield Property is a cash cow. It's a global owner and operating of quality real estate. It invests in a core portfolio of premier office and retail property assets that generate stable cash flows. This part of the portfolio makes up about 80% of its balance sheet. It also invests in opportunistic investments that aim for returns of at least 18%.

Brookfield Property aims to deliver 12-15% total returns for its unitholders. It can't control its unit price, but it's in charge of its distribution. Based on the company's value investing approach and focus on quality, it believes it can grow its distribution by 5-8% per year.

Since 2015, Brookfield Property has increased its distribution every year. Its three-year distribution-growth rate is almost 5.7%. Assuming a 5% distribution increase, a conservative estimate is that the stock can deliver returns of ~10.5% with 5.5% coming from the distribution.

## The dip

Brookfield Property units have corrected about 13% from its high on pressures from its retail portfolio and the fact that it wants to acquire the rest of **GGP Inc.** (NYSE:GGP), which is where it gets its retail exposure. There's no better time to acquire GGP, as the stock had declined nearly 40% from its high before the news of Brookfield Property's acquisition propped it back up.

## Investor takeaway

If you haven't contributed to your RRSP for the 2017 tax year yet, talk to your financial advisor to see if it's a good option for your situation. If it is, you can consider buying some Brookfield Property units for [long-term investment](#) and to get a nice yield.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

1. TSX:BPY.UN (Brookfield Property Partners)

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