Easy Money: Make Over $5,000 a Year of Tax-Free Income With Your $100,000 TFSA Investment

Description

Our TFSA investment gives us the opportunity to shelter our investment income from taxes, thereby making it essential that we try to invest as much as we can in this tax-sheltered vehicle.

Here I will discuss two defensive, steady, and reliable dividend stocks that aren't far off from their 52-week highs at a time when many stocks are just making up for lost ground in 2018. These stocks can generate over $5,000 a year in tax-free income with a $50,000 TFSA.

Without further ado, here are the two TFSA-worthy dividend stocks that are generating easy money for investors.

NorthWest Healthcare Properties (TSX:NWH.UN)

With a current dividend yield of 7.77%, NorthWest represents a good opportunity here.

The company offers a high-quality global, diversified portfolio of healthcare real estate properties located throughout Canada, Brazil, Germany, Australia, and New Zealand.

Latest results showed strong net operating income growth of 4% on a constant-currency basis and continued strengthening fundamentals and growth prospects.

There are five main reasons that this stock is a buy at this level:

– Healthcare properties generally have stable occupancies and long-term leases.
– It offers exposure to the biggest demographic shift that much of the developed world is facing.
– It has attractive supply/demand fundamentals, with an occupancy rate of 96.3%.
– It has a dividend yield of 7.77% with a payout ratio of 90%.
– It has scale in Canada and is attempting to build scale in Europe and select countries.

Rogers Communications (TSX:RCI.B)(NYSE:RCI)

Yes, competition is intensifying in the telecom sector.

But Rogers stock is benefiting from the company's solid execution in this difficult environment, beating margin expectations and EPS earnings expectations in the last four quarters.

Cost efficiencies have taken the company's EBITDA margins to 43% in the latest quarter (third quarter of 2018), which is almost 200 basis points higher than last year and higher than expectations. This has resulted in the company making upward revisions to its 2018 guidance.

Here's why you should own this stock:

– It has increased EBITDA and free cash flow guidance as execution continues to beat expectations.
– It has a 2.67% dividend yield that is very well covered by net income.
– As the largest wireless provider in Canada, Roger offers high exposure to wireless.
– It has a historically steady and reliable dividend.

Final thoughts

As these two dividend stocks make their way into 2019, investors can expect to see more of the same within the respective companies and stocks.

And as they continue to outperform expectations and deliver the goods on their dividends and tax-free income streams to TFSA investors, we can expect to see continued strength in these stocks.

CATEGORY

1. Dividend Stocks
2. Investing

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1. Editor's Choice

TICKERS GLOBAL

1. NYSE:RCI (Rogers Communications Inc.)
2. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
3. TSX:RCI.B (Rogers Communications Inc.)

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