



A Top Stock to Earn You \$1k a Month With Your \$100k TFSA

Description

Now that the TFSA is 10 years old, most investors who have contributed the full amount every single year since its inception while using the proceeds to invest in equities should now have a TFSA that's surpassed the six-figure mark.

If you're one of these investors, then congratulations: you now have the ability to create a \$1,000/month income stream! And if you're shy of the [\\$100,000 TFSA](#) mark, don't fret. You'll soon hit the six-figure mark – and probably a lot sooner than you think if you're using your TFSA's proceeds to invest in high-quality equities.

Before we jump into how you can create a \$1,000/month-paying [income stream](#), I have one word of warning for beginner investors: the stock I'm about to present to you in this piece is just an example of one of the many stocks that should comprise your TFSA portfolio.

Although this stock could in theory produce massive, sustainable income for life, it's a bad idea to put the entirety of your TFSA on one (or a few) extremely high-yielding stocks, as diversification still applies, regardless of how incredible a security under question seems. Contingent events happen: just ask activist hedge fund manager Bill Ackman!

So, with that warning out of the way, meet [TransAlta Renewables](#) (TSX:RNW), a 7.8% yielding stock that sported a 8.2% yield just a few months ago. As you may have guessed from the name of the company, it's in the business of green energy. The Calgary-based company has a growing portfolio that currently consists of 40 renewable energy facilities that span Canada, the U.S., and Australia.

The company, an ESG millennial favourite, may appear to have a stretched dividend payout. And although few companies with such little financial wiggle room are able to sustain such payouts over prolonged periods, TransAlta is an outlier in that the company not only has the means to support its handsome payout over the long-term, but also the ability to continue hiking its dividend despite its seemingly "tight" financial footing (payout ratio of around 85% of cash available).

How?

Renewable projects are in high demand, and the regulated nature of their operation leaves little room for a surprise to potential future cash flows. While project delays and all the sort could undoubtedly happen, a high-growth renewable firm's predictability allows management the unique ability to balance growth and a high payout — something that would be very hard to do if the company operated in a more uncertain environment.

Foolish takeaway

TransAlta Renewables is growing fast, and its dividend will likely follow in lockstep. If you've got a six-figure TFSA, a stock like RNW could play a major role in the \$10,000 per year income stream you've been looking to build. The company is a quick grower in an industry that has the wind to its back, so you can expect your income stream to get generous raises on a reasonably consistent basis.

Stay hungry. Stay Foolish.

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1. TSX:RNW (TransAlta Renewables)

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