



Income Investors: How to Make a \$1000/Month-Paying TFSA Perpetuity

Description

If you've been contributing to your TFSA every single year, using the proceeds to invest in high-quality equities, you're likely near a \$150,000 TFSA fund that you can turn into a tax-free income stream that can pay you \$1,000 per month. If you invest wisely in [8%-yielding securities](#) that have the means to both sustain and raise their payouts gradually over time, you could be looking at an income stream that's subject to reasonably consistent raises.

Now, if you haven't made the full contribution to your TFSA every year over the last decade, or if you've bet on risk-free securities like bonds or GICs, something that I believe no young investor should do, you're probably well below the \$75,000 mark.

But don't fret, because it'll just be a matter of time before you break through that six-figure milestone. If you are one of these more conservative investors who's missed out on a chunk of the gains from the last decade, you can still turn your TFSA into a \$500-per-month TFSA income stream, assuming a yield of around 8%, if you so desire.

Without further ado, consider **Inovalis REIT** ([TSX:INO.UN](#)) and **NorthWest Health Properties REIT** ([TSX:NWH.UN](#)), two big-income stocks with 8.3%, and 7.2% yields, respectively.

Despite the hefty yields that both securities sport, neither name is a "falling knife" that carries substantial baggage as most "artificially high-yielding" securities do. Inovalis is just 5% from its all-time high, and NorthWest, while off over 18% from its all-time high, has been picking up traction over the last two years.

Inovalis is a rare breed of security. It's not only a mid-cap REIT with a higher-growth profile, but it's also a play on the French and German commercial and mixed-use real estate markets. So, if you're worried about the state of the frothy Canadian housing market and its status as a "poo-poo" investment, as Kevin O' Leary once said, you can put your fears to rest.

And if you're afraid of the "riskier" nature of mid-cap REITs, you can allow sleep soundly knowing that Inovalis not only has a sustainable operating cash flow payout ratio, but it's subject to the same rules

as bigger REITs. That means 90% of net income must go back into the pockets of shareholders, and it has what I believe is a lower degree of risk relative to a small-cap stock that's not subject to such requirements.

Combining agility with stability

What separates Inovalis from more popular large-cap REITs is the fact that it's not as "bloated" with sub-par properties that aren't the most efficiently managed. Inovalis has just a handful of properties, but the management team is doing a stellar job, and with enough funding on the books, the company is ready to scale up a heck of a lot faster than any large-cap REIT could.

As for NorthWest Health, the REIT is riding on a multi-year generational tailwind that'll not only inspire big distribution raises at some point over the next few years, but it may be subject to some pretty impressive capital gains in the process.

Both NorthWest Health and Inovalis are very [agile REITs](#) that have distinct advantages. NorthWest is poised to benefit from the increase in demand for its hospitals, clinics, and medical buildings, as the Baby Boomer cohort continues to age, causing a boom to hospital stays, doctor visits, medical check-ups, and the like.

Inovalis has an exceptional management team that's ready to floor the gas on what could be one of the biggest growth spurts in today's REIT scene.

Foolish takeaway

I'm a raging bull on both Inovalis and NorthWest Health for their yields and long-term growth profiles. If you've got the triple-digit TFSA, you now have the power to give yourself a pretty sizable raise. While another \$1,000 per month ain't enough to live off of, it's still a heck of a boost that you can use to enjoy a nice mini-retirement well before you decide to hang up the skates permanently.

Stay hungry. Stay Foolish.

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2. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

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Date

2025/08/25

Date Created

2019/03/18

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