



A Monthly Income REIT That Can Support You Through Your 100th Birthday!

Description

Many investors who've properly leveraged their TFSAs have made a silent killing in the markets over the past decade of the account's existence. If you've yet to maximize your TFSA contribution like so many Canadians who've struggled to save, you shouldn't give up hope. Contribute what you're able, and if you can't become filthy rich, you'll at least move closer to your goal of financial independence.

The goal is that one day you don't have to worry about where your next paycheck is coming from. In today's increasingly promiscuous job market, where stability and security are hard to come by, it's become as important as it's ever been for investors to take command of their own financial futures.

It's your responsibility to sock away enough, so your money can make you money when it's time for you to hang up the skates because we just don't know if the social safety nets of yesteryear will be available in a few decades from now.

To make things even harder, people living today can expect to live well into their 90s or even 100s as our life expectancy continues to rise thanks to health advancements and the millennial-led trend of leading a healthier lifestyle. That's 10-20 years or more worth of living expenses that need to be paid for, so for many investors who aren't multi-millionaires, bonds aren't going to cut it anymore.

Enter REITs: the new bond proxies that are a heck of a lot better than any fixed-income product that, while often referred to as "risk-free" investments by experts, are ironically riskier for the vast majority of us who will need to not only combat inflation but will need to gain ground over inflation with an acceptable rate of real growth.

REITs, while low-growth entities by nature, can grow at a rate that's comparable to some low-growth stalwart stocks. The growthiest of REITs like [Killam Apartment REIT \(TSX:KMP.UN\)](#) can keep up with some growth stocks!

Over the past three years or so, Killam has clocked in over 80% in gains for investors to go with a distribution that's been continuously growing. Given the REIT is required to pay out a majority of its net income to shareholders, it's remarkable that Killam has been making such a killing!

At the time of writing, the REIT yields 3.5%, which is below average for a REIT. When you have a look under the hood, however, you'll see that Killam has grown its FFO at an [applaud-worthy](#) rate over the years, paving the way for generous distribution hikes.

Today, the yield is well below the historical average yield of 5%, but given the fact that the REIT is rapidly developing properties within its core markets (Atlantic Canada, Ontario, and Alberta), while pulling the trigger on accretive M&A opportunities as they come along, there's plenty of FFO growth up ahead. As the cash continues flowing in, not only will shares continue to appreciate, but the distribution will also have room to run.

Foolish takeaway on Killam

Killam is a smooth operator, and the proof is in the pudding. For those looking for a significant distribution that'll continue growing over decades, Killam REIT should be at the top of your TFSA buy list.

The REIT has the capacity not only to supply you with big monthly income but generous raises on a somewhat frequent basis. And if you don't need the income quite yet, reinvest your distributions and leverage the power of compounding, and you'll be well on your way to financial freedom.

Stay hungry. Stay Foolish.

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TICKERS GLOBAL

1. TSX:KMP.UN (Killam Apartment REIT)

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