



Hate Your Job? Quit and Make \$1300 in Tax-Free Monthly Income

Description

So you've had it with the day-to-day grind and have decided to look for a new opportunity. You and your partner have discussed it and have some savings set aside for a rainy-day occasion such as this, but you both still want some guaranteed income coming in each month to replace that paycheque.

That's the beauty of the dividend stock. Payouts come as steady as a paycheque every month, and are mostly increased every year without you having to do anything beyond purchasing shares in a company.

The more shares you buy, the more passive income from dividends you'll get, so if you and your partner use of all the contribution room of your TFSA, that's an incredible \$127,000 to bring in monthly cash.

To reach that \$1,250 per month goal, you'll need to find stocks that have a dividend yield of 5.5% or higher. Luckily for you, I've already done that heavy lifting so you can focus on your resignation letter.

HOT Properties

A strong real estate investment trust that investors are currently buying up on the cheap is **American Hotel Income Properties REIT** ([TSX:HOT.UN](https://www.tsx.com/stocks/american-hotel-income-properties-reit)). This stock offers a whopping 13% dividend yield at the time of writing, with shares trading at \$6.67.

The company has a number of hotels across the United States, and has recently been making a [series of acquisitions](#) in the last few years to bolster its balance sheet. However, that's meant an increase in debt due to the acquisitions and the renovations that come with some of them.

But if you're looking at a long-term hold, this company is due for a huge uptick in growth. Once these acquisitions are online, its balance sheet should skyrocket and the share price along with it. In the meantime, an investment of \$46,000 would give you \$500 in monthly passive income.

Chemtrade

Next up on our “how to quit” list is **Chemtrade Logistics Income Funds** ([TSX:CHE.UN](#)). This stock is also in the midst of a drop in share price, likely due to a bad year in 2018 due to market downturns affecting the industrial chemical provider, and the finalizing of a law suit.

The good news: these items won’t repeat themselves, and has left the company focusing in on cutting costs.

With its share price below the \$10 mark, this is an ideal entry point for investors. After all, it was only four years ago that this stock was trading in the \$20s, meaning that there could be a potential increase of about 150% as of writing.

And then there’s that [incredible dividend yield](#) again, this time of 13.71%. An investment of \$45,800 at the time of writing would bring in \$500 of monthly passive income.

Vermillion

Finally, we have **Vermillion Energy Inc.** ([TSX:VET](#))([NYSE:VET](#)), and yet again another share drop. The energy company has been hit by the recent drop in oil and gas prices that went down again in the last month. Vermillion saw an almost 25% drop in its share price in just a month.

But again, for investors looking for long-term stocks, this provides the perfect opportunity to buy. The company overall is a strong one, with production rising 2% year over year, and funds from operations up 14%. As oil and gas prices rebound, so too will the share price.

In the meantime, investors can receive an incredible 9.74% dividend at the time of writing. By investing the rest of you and your partners’ contribution room, that’ll leave you investing \$35,200 to bring in a further \$300 per month in passive income.

Foolish takeaway

If it’s available to you, investing \$127,000 in American Properties, Chemtrade and Vermillion provides you with a \$1,300 monthly passive-income portfolio. That’s income of \$15,600 annually.

While it’ll be far less than what you’d be making working, it definitely will help during a period where funds are up in the air, but it also doesn’t take into account the room for share growth that’s very likely to come from these strong stocks experiencing a drop in share price.

And hey, even if you’re not going to quit your job, I would highly consider adding these stocks to your passive income portfolio.

CATEGORY

1. Dividend Stocks
2. Energy Stocks

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TICKERS GLOBAL

1. NYSE:VET (Vermilion Energy)
2. TSX:CHE.UN (Chemtrade Logistics Income Fund)
3. TSX:HOT.UN (American Hotel Income Properties REIT LP)
4. TSX:VET (Vermilion Energy Inc.)

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