



1 Cheap Stock to Give You \$275 a Month in Passive Income

Description

If you're an investor or even just looking to get started, there's definitely one simple reason you're getting into it.

More money.

That's the goal — making extra cash so you can afford that new house, a trip abroad, or even just to create a cushion so that paying bills doesn't seem so daunting.

Well, if you're new to investing, maybe you haven't heard about the wonderful world that is passive income from dividend stocks. Well, I'm here to enlighten you.

If you've opened a Tax-Free Savings Account (TFSA) within the last decade, you're likely already well aware of the amazing way you can make extra cash without having to pay any taxes to the Canadian government.

By choosing wisely, there are stocks out there that provide a steady increase in share growth, while also providing a steady payout of income from dividends. It doesn't matter if the stock is doing poorly; investors can expect that cash to come in like clockwork.

If it were me, I'd choose a dividend stock that offers monthly dividend payouts, and the best place to go for this are real estate investment trusts (REITs). REITs are required to payout 90% of their income to shareholders, meaning that you can expect some incredibly high yields from some of these stocks.

But if I'm choosing one today, it's **RioCan Real Estate Investment Trust** ([TSX:REI.UN](#)). Canada's second-largest REIT has a solid history backed up by a solid payout increase that should make investors incredibly happy. The \$8.15 billion market cap company has more than 280 retail properties and is in the [process of redevelopment](#) that will now include residential units.

This strategy emerged in 2015 as the REITs malls were changed into mixed-use properties, meaning both retail and residential/office space, which will increase the value for shareholders as the company brings in higher rents and lower vacancy rates as e-commerce continues to eat away at its brick and

mortar locations. It also means that RioCan will be able to continue growing its dividend.

As of writing, that dividend yield sits at a [comfortable 5.52%](#), and while that isn't stratospheric, it does mean two things: it's sustainable, and there is room for growth over the next number of years.

Now, how to get to that \$275 mark with an investment in RioCan? It won't be easy or cheap. In fact, you'll need almost all of the \$63,500 contribution room in your TFSA to do it.

With an investment of \$61,724 at the time of writing, investors can bring in that coveted \$275 per month. That's an extra \$3,300 in your pocket at the end of the year that you can either use toward your household, or to reinvest.

But remember: putting all your eggs in one basket isn't ever a good idea. So for an investment like this, if you have a partner, I would recommend the two of you share the investment between the two of you. That way you can pick a few other stocks that will give your portfolio some diversification.

While you're at it, you might as well look for more dividend stocks! That way, \$275 a month is only the beginning.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:REI.UN (RioCan Real Estate Investment Trust)

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