



## Boost Your After-Tax Income: Banking Edition

### Description

Paying income taxes is an obligation, but, unfortunately, it eats up a big chunk of a working person's salary. When deducted from the gross salary, what is left is the after-tax income, which is basically your disposable income. But there is a way to boost after-tax income and recover the money that went to the payment of taxes.

Stock investing is the chosen option of many to boost their net pays. You only need to pick stocks that could rise in value or create passive income through dividends to augment active income. Consider investing in **Laurentian Bank** ([TSX:LB](#)) and **Equitable Group** ([TSX:EQB](#)) to meet your objective.

### The small bank is a dividend rock star

Laurentian Bank is not among Canada's big banks. Many invest in this almost \$2 billion financial institution because of the high dividend yield. For the past 10 years, Laurentian Bank has been consistently paying dividends. The five-year average yield is 4.77%, while the current yield is a super-nice 5.7%.

The stock price has been moving sideways. Do not expect the current price of \$45.35 going beyond the \$50 mark any time soon. However, you'll be assured of a reliable income stream. The low payout ratio of 61.58% is a clear indication that the dividend payments are sustainable and sufficiently covered by the bank's earnings.

One thing great about investing in [a dividend titan](#) is that it can protect your investment against a recession or economic slowdown. Historically, dividends are less volatile than stock prices. Dividend-focused investors view Laurentian Bank as a safe stock investment regardless of economic conditions.

### Potential top performer

Equitable Group, as represented by subsidiary Equitable Bank, is performing quite well in 2019. The stock closed 2018 at \$59.12 but is now trading at \$72.71, or an increase of about 23%. Some analysts

are forecasting a 30% jump in the next months. Your \$100 investment today could be worth \$130 by 2020.

Net income has been steadily growing over the last four years despite the concentration in the Canadian mortgage business. The modest growth can become a dramatic growth. For that reason, the stock price has the potential to appreciate further.

The growth estimate this year is 20.20% and would have an average of 24.40% annually in the next five years. The bank is no [dividend king](#), as the dividend yield is only 1.6%. Sustained dividend payments are under no threat given the 11.40% payout ratio. Nevertheless, you're looking at a budding top performer.

Equitable Bank deserves commendation for successfully contending with the bigger banks and financial institutions. The niche strategy and ability to keep in check the mortgage loans portfolio has done wonders for the bank.

## Profitable investment options

Regular income earners who are also TFSA investors can really boost after-income by investing in stocks and placing them in the account. There is zero tax on all interest earnings or dividends received.

Laurentian Bank is a high dividend payer, while Equitable Bank is the next mover in the banking sector. Any which way, both stocks can be profitable investment options. The gains can more than offset the tax deductions on your paycheck.

### CATEGORY

1. Bank Stocks
2. Investing

### POST TAG

1. Editor's Choice

### TICKERS GLOBAL

1. TSX:EQB (EQB)
2. TSX:LB (Laurentian Bank of Canada)

### PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

### Category

1. Bank Stocks

2. Investing

## Tags

1. Editor's Choice

## Date

2025/08/18

## Date Created

2019/06/24

## Author

cliew

default watermark

default watermark