



## TFSA Investors: 1 Stock to Help You Collect \$195 Every Month

### Description

It's hard to come up with something better from the last 10 years than the Tax-Free Savings Account (TFSA). After starting off with just \$5,000 of contribution room, a decade later, Canadians have \$63,500 they can invest completely tax free.

With such a great program, it's important for investors to realize the advantage they have and use it wisely. Part of doing this isn't picking risky stocks, or even just having a diverse portfolio, though both have advantages.

One of the best things Canadians can do is pick up a strong dividend stock that will provide passive income for years.

Dividend stocks tend to be recommended to those thinking about retiring in the near future. But let's face it: we *all* want to retire one day! The best time to start saving is right now. After all, who *doesn't* need a little extra cash coming in?

That's exactly what dividend stocks offer, like clockwork, every quarter or even every month. That money can be used to reinvest in your nest egg, to help pay the bills, or used toward a trip one day!

The choice is up to you, but if you're looking for a great dividend stock to give you some amazing monthly income, I would recommend **ATCO Ltd.** ([TSX:ACO.X](#)).

ATCO is an international supplier of electricity, pipeline and liquid, and retail energy based out of Canada. The stock is considered small, with a market capitalization of \$5.01 billion, but small doesn't mean weak.

ATCO is a strong company that has been steadily increasing its revenue over the last several years, most recently with an increase of 6% for 2018.

That growth comes from the [diverse operations](#) the company offers as a utility company. Having its hand in many pies has allowed the company to continue growth both organically and through acquisitions.

The company recently set aside \$343 million in capital growth projects, and \$34 million in other projects that would include further acquisitions.

Yet the stock peaked along with the rest of the oil and gas industry back in April, and has since fallen about 7% to where it trades at writing at \$43.71. Most analysts see it rising in the next 12 months to as high as \$50 per share, but the company has to prove a few things along the way.

First of all, ATCO has quite a bit of debt due to its growth and acquisitions, leading many to fear that the dividend isn't safe. The stock has about \$701 million ready to run the business between cash and short-term investments, and \$1.1 billion in operating cash flow from the last year.

That operating cash is therefore not high enough to cover the company's debt of about \$11 billion.

But what investors are banking on is the company continuing to grow its revenue as it has, with these acquisitions and projects contributing strongly to its bottom line.

As for [its dividend](#), with a 25-year history of growth investors shouldn't be fearful that the company will cut it back anytime soon.

Now, to get that \$195 a month, investors will have to use all of that TFSA contribution room. By investing \$63,500, investors will receive \$196.16 per month, or \$2,353.86 annually. I

f you're going to invest, now's the time – after you've completed your own research, of course. Once the oil and gas industry rebounds, this stock could quickly head right back up to the \$50 per share mark.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

1. TSX:ACO.X (ATCO Ltd.)

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