



TFSA Investors: Make Over \$300/Month in Passive Income by Investing in This 1 Stock

Description

Using a TFSA to help shield dividend income from taxes can be a great way to add recurring cash flow for your day-to-day needs. Dividend income earned in a regular investing account would mean that those earnings will be reduced by the taxes you have to pay on them. Even with an RRSP, you aren't avoiding taxes, [only deferring them](#) to a later point in time. That's why a TFSA can be the [most beneficial](#) tool for dividend investors. While the contributions have already been taxed, the growth and income earned in the account is not.

And that's where having a solid dividend stock to add to your TFSA can be a great way to not only improve your portfolio but your cash position as well. One of the ways you can add a good stream of cash flow to your TFSA is by investing in REITs which pay dividends on a monthly basis. One stock in particular, **Plaza Retail REIT** ([TSX:PLZ.UN](#)), looks like an attractive buy today.

With 277 properties across the country spanning 8.2 million in square feet of space, Plaza Retail is well diversified, and that gives the company a lot of stability and recurring revenue. The company has many big-name retailers renting its spaces, and many of its properties are also single-tenant locations. That makes it easier to fill occupancies, since it doesn't need to fill an entire mall worth of tenants and instead just needs one really good one. Especially now with some REITs struggling to fill the void left by retailers that have gone out of business, it's one way that Plaza Retail might be a safer retail option than some of its peers.

And the proof has been in the results, as the company has been steadily growing both its sales and profits over the past few years. From \$93 million in revenue in 2014, the company's top line has grown to \$104 million this past year for an increase of 12% over four years. In the meantime, Plaza Retail's operating profit has also been improving, rising from \$51 million to \$55 million during the same period. Much of the volatility surrounding the stock has come below that line, as, for the most part, the company's operations have remained very consistent.

For investors looking to add recurring cash, Plaza Retail is a great option to do so. If you're looking to add \$300 a month in dividends, you would need an investment of around \$54,000, which is well below

the cumulative limit for a TFSA. Currently, the stock pays a monthly dividend of 2.33 cents, which means that it's yielding around 6.7% per year. That's a very good payout for a dividend stock, and although it hasn't been recent, Plaza Retail investors have seen their monthly payments increase over the years.

The stock has struggled in recent years, but year to date it has risen more than 6%, and it's currently trading right around its book value. If the company can keep producing strong results, investors will be in a good position to benefit from a rising stock price as well.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:PLZ.UN (Plaza Retail REIT)

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