



TFSA Investors: Here's How You Can Get \$11,000 Per Year in Dividends... Today

Description

After a bull market lasting more than a decade, many Canadian savers are sitting on some impressive TFSAs.

If you maxed out your TFSA each year since the product was introduced in 2009, your total investment would be \$63,500. Assuming these contributions were put in successful stocks, it's easy to imagine many Canadians with a TFSA balance approaching \$100,000.

For older investors, the time might be right to start converting your TFSA from a growth vehicle to something more focused on income. Or perhaps you're a younger investor enamored with the thought of building up your own [passive income empire](#).

The easy way to do this is to invest in Canadian stocks with ultra-high dividends. We're talking yields of 8%... 10%... even 12%. Naysayers might tell you these payouts are risky, but it's very possible to analyze these stocks to ensure their payouts are solid. In other words, investors who pay close attention should be able to see a potential dividend cut coming.

Here are two stocks an investor with a \$100,000 TFSA can buy today to create a succulent tax-free passive income stream of nearly \$1,000 per month.

Chemtrade Logistics

Chemtrade Logistics Income Fund ([TSX:CHE.UN](#)) is in the chemical business. Through its three divisions — sulphur products, water solutions, and electrochemicals — it sells everything from sulphur products to the oil refining business to various products to water treatment plants to bleaching agents used by the pulp and paper industry.

This is a tough business with lots of competition, and since customers only care about getting these commodity products at low prices there isn't much room for profit.

Normally, when business goes smoothly, this isn't a big deal. But during poor years, like in 2018, this can lead to some disappointing results. The company lost \$1.42 per share last year, although much of that loss came on some one-time charges.

On the surface, that doesn't seem to bode well for the company's generous \$0.10 per month dividend, a yield that works out to more than 12% annually. 2019's results have been better, however.

Distributable cash flow was \$0.90 per share through the first six months of the year, while the dividend during that time was \$0.60 per share. That gives us a payout ratio under 70%.

Investors who think Chemtrade can't maintain its generous dividend should be reminded the company hasn't missed a dividend payment since 2001 and has maintained its \$0.10 per share monthly dividend since 2007.

Canoe EIT Income Fund

The **Canoe EIT Income Fund** ([TSX:EIT.UN](#)) is a closed-end fund that has traded on the Toronto Stock Exchange since 2006. It uses a combination of leverage and a [covered call strategy](#) to generate some very impressive income.

The fund owns many of the blue chip stocks that make up most income portfolios, quietly collecting those dividends. It also uses covered calls to generate excess income. It's not a particularly risky asset allocation.

This strategy will never generate gobs of upside. Canoe shares have been flat for the better part of the decade, staying within a range between \$9 and \$12 per share. But what the fund lacks in capital gains it makes up for in income. It has maintained a \$0.10 per share monthly dividend since August, 2009. 120 consecutive dividends is nothing to sneeze at.

Meanwhile, the fund also offers an impressive yield with the current dividend yield checking in at 11.2%.

Collect \$11,000 per year

A \$100,000 TFSA invested in equal parts in both Chemtrade Logistics and Canoe EIT Income Fund would generate \$11,520 in annual dividends.

Just think of what you could do with an extra \$11,520 per year in tax-free dollars. That's easily enough to finance a couple of nice vacations or pay your household's utilities.

Yes, there are risks to these payouts. But these companies have a demonstrated history of paying investors each and every month. These payouts are as solid as you'll find in the high yield universe.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CHE.UN (Chemtrade Logistics Income Fund)
2. TSX:EIT.UN (Canoe EIT Income Fund)

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