



## TFSA Investors: Here's How to Make \$8K in Tax-Free Income Per Year

### Description

There are few better feelings in the world than checking your account after a monthly dividend payment has come in. All right, maybe some of you live a more exciting life than me and can name some feelings that blow that you away. Regardless, we all like to see those dividends flowing into our portfolios on a monthly basis.

That is why I want to look at two stocks today that can provide [big monthly income into your Tax-Free Savings Account \(TFSA\)](#). And yes, that means you will be gobbling up all those dividends tax free. Take that, Canada Revenue Agency! We are going to go through a hypothetical today that could allow an investor to scoop up over \$8,000 annually in tax-free income in their TFSA. Let's dive in and find out how.

### Vermilion Energy

**Vermilion Energy** ([TSX:VET](#))([NYSE:VET](#)) is a Calgary-based oil and gas producer. Shares of Vermilion have dropped 21.9% in 2019 as of close on October 24. The stock was hit hard after its second-quarter results revealed a slip in production, but there is room for recovery ahead of its next earnings release. Investors can expect to see its Q3 2019 report on October 31.

Before we get to Vermilion's dividend, let's talk about its value right now. The stock boasts a price-to-earnings ratio of 10.4 and a favourable price-to-book value of 1.1. Shares had an RSI of 44 at the time of this writing, as the stock has recovered from the [technically oversold levels it reached in August](#).

The stock offers a monthly dividend of \$0.23 per share. In our scenario, an investor could purchase 1,600 shares of Vermilion at a price of \$19.97 per share. That would pay the investor \$368 on a monthly basis. This works out to \$4,416 per year in tax-free dividend income.

### Chemtrade Logistics

**Chemtrade Logistics** ([TSX:CHE.UN](#)) is an Ontario-based company that provides industrial chemicals

and services to its customer base in North America and around the world. Shares of Chemtrade have climbed 7.5% in 2019 as of close on October 24. However, the stock is down 9% over the past month.

The company is set to release its third-quarter results in early November. In the second quarter, Chemtrade reported adjusted EBITDA of \$91.3 million compared to \$70.5 million in the prior year. Adjusted cash flows from operating activities surged to \$58.2 million over \$19.7 million in Q2 2018. The only downside was price weakness in certain specialty chemical products like caustic soda and hydrochloric acid prices.

Going back to our hypothetical, we would purchase 3,000 shares of Chemtrade at a price \$10.37 per share. That would net our portfolio \$300 per month in tax-free dividends. On an annual basis, our portfolio would gobble up \$3,600 in tax-free income.

Our total contribution room in a TFSA in 2019 sits at \$63,500. With these purchases we've gone over \$63,000 but have left ourselves a tiny bit of breathing room. After that, our portfolio will be raking in approximately \$8,016 per year in tax-free income if we were to follow the current hypothetical.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

1. NYSE:VET (Vermilion Energy)
2. TSX:CHE.UN (Chemtrade Logistics Income Fund)
3. TSX:VET (Vermilion Energy Inc.)

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