How to Make an Extra $300 a Month in Passive Income

Description

The TFSA is the ideal account to use to accumulate passive income and compound the interest. Since you don't pay taxes, and there are a number of other advantages the TFSA offers, for many investors, maximizing the TFSA will make the most sense for their tax situation.

Currently, the maximum amount you can contribute to the TFSA is $63,500, and to earn $300 a month in passive income, you will need to receive $3,600 a year in dividends. This means the average yield of your portfolio needs to be roughly 5.7%.

5.7% is a pretty reasonable amount, and you can get some high-quality companies with strong and stable dividends to fill the needs of your portfolio, that pay out at least that.

Two of the best Canadian stocks with stable dividends that are currently yielding more than 5.7% are **Northwest Healthcare Properties REIT** (TSX:NWH.UN) and **Cineplex** (TSX:CGX).

Northwest Healthcare Properties

Northwest Healthcare Properties is one of the largest healthcare REITS in the world, especially outside the United States. It owns properties in Canada, Brazil, Germany, The Netherlands, Australia, and New Zealand.

At a quick glance, it's clear the company is strong with solid diversification, an occupancy rate north of 97%, big-name tenants that are reliable, and, of course, an estimated company-wide cap rate of 6.1%.

It had 169 properties at the end of the second quarter, and roughly two-thirds of its net operating income came from hospitals and healthcare facilities, with the other third coming from medical office buildings.

The company has proven time after time that it can make impressive acquisitions and integrate them into its operations. It also has development projects it's working on, as some of its organic growth assets.

It's a top-quality real estate company, especially for those seeking passive income. Currently, its dividend yields roughly 6.7% and the payout ratio is just 87%.

Given that healthcare is relatively defensive, and a lot of its tenants are large, well-known companies, Northwest looks like it is in a position to provide stable distributions with the potential for growth over the foreseeable future.

Cineplex

Cineplex, a massive Canadian entertainment company, is an ideal stock to hold long term, especially for investors seeking dividend growth.

Many investors know Cineplex to be an operator of movie theatres, probably because it has more than three-quarters of the market share in Canada, but the company has diversified itself a lot recently to become much more than that.

Over the last few years, that stock has been more than cut in half due to a number of factors but mainly due to falling box office numbers. This has forced management to do something different to attempt to turn the company around.

The addition of its amusement and leisure division as well as its media business has given Cineplex new life and many new potential opportunities.

The amusement and leisure division offers promising growth opportunities, with its arcade-style facilities as well as its exposure to the growing e-sports industry.

Its media and advertising in the theatres has always been strong, but now with the addition of its digital place-based media, there seems to be a tonne of potential growth avenues that make it the most exciting segment.

Currently its place-based advertising exists in areas such as quick-service restaurants as well as many banks and malls in both Canada and the U.S.

The growth in the segment is already strong, especially considering the advertisements can go pretty much anywhere there are TVs and digital signs.

The potential seems endless for Cineplex, which is a positive for long-term and contrarian investors, and the dividend, which yields just over 8%, could see some major growth in the coming years.

Bottom line

While getting your portfolio to an average yield of 5.7% today can earn you $300 a month, as these dividends compound, and with each new year adding additional contribution room to the TFSA, the monthly income could quickly grow.

This makes selecting top-quality dividend stocks that will grow and sustain their dividend that much more important, to ensure you are optimizing your TFSA and earning as much passive income as possible.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CGX (Cineplex Inc.)
2. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

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