



Alert: Earn \$100/Week in Passive Income From Your TFSA

Description

Now that [TFSAs](#) have been around for a decade, some folks are starting to amass significant assets inside the tax-free account. Many people have TFSAs that surpass \$100,000 in total value.

Even folks who haven't been participating in this rally can still put some serious cash to work inside their TFSAs. As long as you were 18 or older in 2009 when the account was born, you can contribute \$63,500 into the special savings vehicle today. Wait another couple months until 2020 hits, and you'll be able to contribute an additional \$6,000.

No matter what your TFSA balance, it's possible to generate some serious [passive income](#) inside your account. Here's how you can turn your TFSA into an income-generating machine spinning off \$100 each week in passive income.

TFSA veterans

Say you've worked hard, saved diligently, and invested intelligently in your TFSA over the last 10 years, and your efforts have been rewarded with a \$100,000 balance in the account. That means you'll need just over a 5% dividend yield to convert the account into something that generates \$100 per week.

CT Real Estate Investment Trust ([TSX:CRT.UN](#)) has quietly become one of Canada's largest owners of retail real estate, amassing a portfolio of 345 different properties from coast to coast, spanning more than 27 million square feet of gross leasable area.

The trust's major tenant is **Canadian Tire**, and other brands owned by the company include Sport Chek and Mark's. Some investors might worry about this arrangement, but this analyst doesn't. Canadian Tire is an iconic retailer that continues to reinvent itself as times change. It's not going anywhere.

CT REIT has been a publicly traded company for a little over six years now, and it has done a nice job growing the portfolio during that time. It has a right of first refusal on any property Canadian Tire sells,

and it selectively re-develops certain properties with potential for bigger things. It has also acquired a number of Canadian Tire-anchored properties from third-party sellers.

This growth, plus annual increases in rent to its main tenant, has ensured regular dividend growth since the company's 2013 IPO. In fact, it has raised its distribution six times, including its most recent raise to \$0.787 per unit on an annual basis. The new yield works out to 5.4%.

TFSA rookies

You'll need a better yield to turn an initial investment of \$63,500 into a \$100-per-week passive-income stream. It won't be possible unless your portfolio yields a robust 8.2%.

The good news is there are a few Canadian stocks that pay sustainable dividends of +8%. One of my favourites is **Alaris Royalty** (TSX:AD), an alternative finance company that provides debt for companies that don't really fit the traditional mould.

Alaris puts its cash to work in specially created preferred shares that offer yields between 10% and 15%. It also gets an annual distribution raise if sales of the underlying company increase. It currently has 17 different partners that pay approximately \$120 million annually back to it.

This type of financing comes with risks, which is one of the reasons why Alaris shares are down quite a bit over the last couple of years. Three partners aren't paying back as much as what was agreed, with one not in the position to pay any distributions back to Alaris at all. But, overall, the portfolio is doing well; Alaris got a 4.1% raise from its existing partners in 2019 alone.

The company is on pace to generate \$1.96 per share in net cash from operations in 2019. It has a current dividend of \$1.65 per share, which translates into an 8.2% yield today. That gives us a payout ratio of 84%, which is perfectly acceptable for a stock with such a robust current yield. And remember, that payout ratio goes down every time Alaris makes a new investment.

Most importantly, the distribution is enough to generate \$100 each and every week from a TFSA portfolio you've built from scratch today.

CATEGORY

1. Dividend Stocks
2. Investing

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1. Editor's Choice

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1. TSX:AD.UN (Alaris Equity Partners Income Trust)
2. TSX:CRT.UN (CT Real Estate Investment Trust)

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