TFSA 101: You Can Earn an Extra $775 Per Month in Tax-Free Retirement Income With This Stock

Description

These are the truly scary days for investors because they represent the calm before the potential storm. Valuations are continuing to get stretched across a broad spectrum of stocks, and it looks like investors are turning a blind eye to the big risks of a repricing of equity markets. History has shown that in times of stock market turbulence, there is a flight to safety as well as staples that investors know and understand.

In simple terms, this means that all the money flowing out of the cannabis sector has to land somewhere, and it usually lands with safe, blue-chip stock that investors are familiar with and understand. A very good example of that type of stock is **Restaurant Brands International** (TSX:QSR)(NYSE:QSR). I recently wrote about how this company is leveraging technology and its international expansion plans to accelerate growth.

Chicken is king for growth

Today, I am going to continue this dialogue with an exploration of the franchise's best-kept secret: Popeyes Louisiana Kitchen. People always seem to know that Restaurant Brands owns Burger King and Tim Hortons but forget that this third pillar is likely the fastest growing.

Popeyes is set to develop and open more than 1,500 restaurants in China over the next 10 years. Burger King has already operated in the territory since 2005 and has more than 1,000 locations in the country, so Popeyes will be able to leverage all that know-how to ensure its expansion is well thought out and impactful.

What is more important is the fact that the company is partnering with TFI TAB Food Investments, which is a seasoned quick-service restaurant investor and operator in China and Turkey and is the largest Burger King franchisee globally. TFI started investment in China almost a decade ago, so it has the local know-how and understanding, which is crucial to ensuring that subtle cultural differences are captured in a way that adds to the bottom line.

Popeyes has one of the best fried chicken sandwiches on the continent, and the company regularly sells out of those succulent money makers with die-hard customers often taking to **Twitter** to express their deep admiration.

With the ongoing social media craze over the "chicken sandwich wars," there is a lot of free and positive publicity that the company is getting and Asian consumers are no doubt taking notice. I fully anticipate the China growth to translate into eventual growth in other parts of the Asian continent, and there is absolutely no reason that Popeyes can't have as many stores as Burger King over the next decade.

Foolish bottom line

At US$2 per year, the current annual dividend is $2.60 in Canadian dollar terms. I fully expect the company to keep raising its dividend as cash flow grows, especially with the high growth plans the company has for Tim Hortons and Popeyes franchise expansion outside North America.

Even at a very conservative 7% annual dividend-growth rate, this dividend will be a little over $5 in a decade. This means that investors who are smart enough to tune out the noise will be able to create a very nice $775 dividend stream into perpetuity by investing only $13,000 in the stock right now at current stock prices.

At $89 a share at the time of writing, I feel the stock price is fully valued, but the stock price has jumped around in recent months, giving me hope that a pullback will happen before Christmas. Keep a close eye on the stock price and look to accumulate in the $85-$86 range to set up for a wonderful 2020.

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