



TFSA Users: Get \$408 in Monthly Tax-Free Income With This Dividend Stock

Description

Do you want to fill your TFSA with \$408 in tax-free passive income every month?

Believe it or not, it's possible.

Although you're limited to \$63,500 in TFSA space in 2019 (assuming you haven't realized gains), you can get a hefty amount of income by buying high yield stocks.

With extremely high yielders, you can squeeze some massive income out of a \$63,500 balance. And if you pick a high yield stock with strong growth prospects, you may even see your payout increase over time.

In this article, I'll be taking a close look at one dividend stock with such a high yield that it could pay you \$4,889 a year (paid monthly at \$408).

Inter Pipeline

Inter Pipeline Ltd (TSX:IPL) is a Canadian energy company with diversified assets across storage, transportation and LNG processing.

Its pipeline infrastructure spans 3,300 kilometers and transports 1.2 million barrels of oil per day.

Its bulk liquids storage business spans six European countries with the capacity to store 37 million barrels of oil.

Finally, its NGL processing business, strategically located along Western and Eastern Alberta, has the capacity to produce 240,000 barrels of oil a day.

One project of interest for Inter Pipeline is the [Heartland Petrochemical Complex](#). It will convert Alberta-sourced propane into 525,000 tonnes of polypropylene—a high-quality plastic used extensively in manufacturing—each year.

In a recent article, JWN Energy wrote that Heartland enjoyed a cost-cash advantage over other facilities intended for the same purpose, thanks to Alberta's low cost of utilities and easy access to rail transport. These advantages, among others, contribute to Heartland's promise to deliver earnings growth for Inter Pipeline.

A monthly-paid dividend

One unique characteristic of IPL is that its dividend is paid monthly.

Clocking in at \$0.1425 a month, it can generate \$408 in monthly income if you invest \$63,500 in it.

Spread out over the course of an entire year, that's \$4,896.

Of course, very high yield stocks come with some risks, and Inter Pipeline is no exception.

Over the years, Inter Pipeline's dividend growth has been very slow, increasing from \$0.135 to \$0.1425 since 2017. That's a growth rate of just 2% a year, which isn't much. On the other hand, since IPL's yield is already sky-high, you don't need much growth to make this one a big income earner.

Foolish takeaway

Over the years, the **TSX** has been sluggish compared to its American counterparts. Over the past five years, the **S&P 500** has risen about 78%, compared to just 13% for the TSX.

These weak gains have been a sore point for Canadian investors over the past half-decade. However, they've had one happy consequence: higher dividend yields.

At present, the TSX has an average dividend yield of about 2.5%, and many individual stocks have much higher yields than that. Among the highest yielders out there is Inter Pipeline, with a [7.7% yield](#) that looks reasonably sustainable.

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