



TFSA Users: \$63,500 in This Stock Pays Over \$390 a Month

Description

In late November, I'd discussed how using [roughly a third of your TFSA room](#) can still net investors a nice bit of monthly income, provided they pick the right equities. The cumulative contribution room is set to increase by another \$6,000 at the beginning of 2020. Today I want to look at how TFSA investors can scoop up nearly \$400 a month in tax-free income by pouring their room into one promising stock.

The energy sector has been volatile in the back half of this decade, but there is reason for [optimism as we look ahead to 2020](#). On the domestic front, the Alberta government is set to roll back its production cuts as the price of Western Canadian Select has stabilized relative to West Texas Intermediate. Some of the big producers were able to thrive even in the face of these cuts, but smaller companies have had a harder time.

A breakthrough in trade talks between the United States and China holds promise for the international oil and gas market. An improved global economy is a bullish sign for the energy industry. On December 13, the two economic giants announced a limited trade deal that will see the United States halve existing tariffs on China. This is great news in the near term, but investors can bet that this will not be the last word in this ongoing trade dispute.

1 dividend stock that can turn your TFSA into an income beast

Arc Resources ([TSX:ARX](#)) is an Alberta-based company that acquires, develops, and holds interest in petroleum and natural gas properties and assets in Canada. Shares of Arc Resources have climbed 6.9% in 2019 as of close on December 19. The stock has shot up 30% over the past month.

The company released its third-quarter 2019 results on November 7. Arc Resources reported a net loss of \$57.2 million in the quarter compared to a net profit of \$45.1 million in the prior year. In the year-to-date period, it has posted a net loss per share of \$0.05 compared to net earnings per share of \$0.15 in the first nine months of 2018. Arc Resources took a hit due to a decrease in income tax recovery, increased impairment charges relating to financial assets, and lower commodity sales from production due to lower commodity prices overall.

Shares last paid out a monthly dividend of \$0.05 per share, which represents a tasty 7.4% yield. In our hypothetical, we are going to use nearly all our cumulative TFSA room. Arc Resources stock last closed at \$8.11. A purchase of 7,829 shares brings us just below the \$63,500 threshold. The shares we have stacked in our hypothetical TFSA will pay out \$391.45 a month. That works out to an annual tax-free dividend payout of nearly \$4,700.

As far as its value is concerned, Arc Resources is a solid target considering some of the tailwinds in the energy sector. The stock last possessed a price-to-earnings ratio of 20 and a favourable price-to-book value of 0.8.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:ARX (ARC Resources Ltd.)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
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