



Investing \$69,500 in This 1 Stock Can Produce \$5,700 in Tax-Free Dividends by Next Christmas

Description

There's nothing better than cold-hard cash for Christmas, and investing in dividend stocks is a great way to ensure you earn a lot of it. A great place to put those dividend stocks is in your Tax-Free Savings Account (TFSA) where the dividend income can be safely stored away from the tax man.

In 2020, the contribution limit for a TFSA will rise by \$6,000 and if you've been eligible every year and haven't contributed yet, the total room you will have available will be \$69,500.

That's a lot of money that you could potentially invest without having to worry about taxes.

A top REIT that could help grow that money significantly

One way that you can [maximize your dividend income](#) is to invest in a real estate investment trust (REIT) that generates a lot of recurring income.

True North Commercial Real Estate Investment Trust ([TSX:TNT.UN](#)) is an attractive REIT that can be a solid fit for your portfolio. Currently yielding a dividend of 8.2% per year, investors can earn a lot of money from holding the stock today. Investing the full \$69,500 into True North will generate approximately \$5,700 worth of dividend income within just one year. And all that cash will be tax-free that you will have available this time next year. It could make for a great Christmas gift for yourself.

While a yield that high typically come with a lot of [risk](#), True North maybe one of the safer high-yielding stocks out there. The REIT has government tenants at many of its locations and for that reason offers a lot more safety and stability for its shareholders. Averaging a beta of 0.78, True North doesn't come with a lot of volatility, which means that the market's swings haven't had a big impact on the stock's performance in recent years.

In five years, the TSX has risen by around 17% while True North has grown by more than 20% over the same period. True North's stock isn't going to generate significant capital gains for you, but it can

be a reliable way to mirror and perhaps even slightly outperform the TSX. With the stock's high dividend to add on top of that, investors could earn a lot of income in their TFSAs.

Why the dividend looks safe today

For investors who are still concerned about the health of the stock's payouts, a quick look at the statement of cash flow should offer a reminder as to why True North is still in very good shape. Over the trailing 12 months, the company has generated more than \$56 million in free cash flow. That's well in excess of the \$29 million in dividends that it's paid out during the same period. It has also reported earnings per share of \$0.61 as well, which is slightly above the \$0.594 that the company pays out in dividends per share every year.

There aren't any big red flags that should have investors worried about True North's stock today as it has been generating lots of good free cash to support its dividend and with a strong, stable base of customers, it could be a solid investment to hold for many years.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:TNT.UN (True North Commercial Real Estate Investment Trust)

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