



TFSA Passive Income: Receive \$340/Month With This Stellar Dividend REIT

Description

A Tax-Free Savings Account (TFSA) is a fantastic investment tool for Canadians who want to achieve their financial goals. If you wish to build a nest egg for retirement, a flexible financial vehicle can facilitate that.

I think that one of the best ways you can utilize your TFSA is as a means to generate passive income. With the contribution room for your TFSA increased to \$69,500 in 2020, here is a stock that you can buy and hold in your TFSA to earn a passive monthly income of \$340. The stock I will talk about is a real estate investment trust (REIT) called **SmartCentres REIT** ([TSX:SRU.UN](https://www.scrreit.com)).

The real estate sector is considered one of the safest forms of investment on the TSX. It does not fluctuate as much as other industries in the stock market can. Its lower volatility makes it a little dull, since it does not exhibit phenomenal capital gains in the short term. In the long term, REITs historically show steady capital gains and consistent dividend payments.

Buying and holding REIT stocks in your TFSA is ideal for earning consistent passive income in the long run.

Stellar dividends with SmartCentres REIT

REITs give you a safe and affordable method of investing in the real estate market. You can gain exposure to the growth of the real estate sector without actually having to own physical properties. You do not need significant capital to get into the real estate market, because you have the option of buying stocks from a reliable REIT like SmartCentres.

SmartCentres is my ideal pick for a healthy REIT for several reasons. The company has a market capitalization of \$4.51 billion. Its portfolio consists of some of the most [robust retailers](#) in Canada and the U.S., including the iconic **Canadian Tire** and **Wal-Mart**. It is a well-capitalized company with many national and regional retailers as well as substantial neighborhood merchants in its portfolio.

SmartCentres is also a REIT that boasts an industry-leading 98.1% occupancy rate. The REIT has

played it smart (no pun intended) by keeping its properties close to major highways and other major roadways, so the properties in its portfolio are likelier to get a higher occupancy rate. Its largest client, Wal-Mart, accounts for almost a quarter of its income, so it is in a secure position moving forward.

Monthly dividend income

SmartCentres stock trades for \$31.41 per share at writing with a dividend yield of 5.89%. The maximum contribution room in TFSAs in 2020 is \$69,500. An investment of \$69,500 in SmartCentres stock at the current dividend yield can help you earn \$341 every month just through dividend income. Any capital gains on the stock's share price will [add value](#) to your overall wealth.

Foolish takeaway

I think SmartCentres REIT can be a great option to consider if you want to earn passive income that can boost your overall monthly income. You can enjoy capital gains from the stock to boost your wealth and have extra spending money through dividend income.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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