



TFSA Investors: Buy This 1 Top Dividend Stock to Earn \$4,400/Year!

Description

Since its inception in 2009, the Tax-Free Savings Account (TFSA) has been a mainstay for Canadian investors trying to avoid paying hefty tax bills on their investment profits. Since all money earned in a TFSA is non-taxable, it's a great account to house investments of many different varieties. In particular, using the TFSA to buy and hold high-dividend-paying stocks is a common strategy among those looking to save on taxes and preserve their nest eggs.

Assuming you were 18 during 2009 — the year the TFSA was introduced — your maximum contribution room is now \$69,500. Today, we'll take a look at one stock that can take that amount as an investment and generate as much as \$4,400 a year in dividend payments without owing a penny in taxes.

Acadian Timber

Acadian Timber ([TSX:ADN](#)) is a forestry product supplier based out of Vancouver, B.C., that mainly services Eastern Canada and the Northeastern United States. Acadian Timber owns roughly 1.1 million acres of timberland in New Brunswick and the state of Maine. The company also performs managerial duties on another 1.3 million acres of Crown timberland.

As a major force in the nation's construction industry, [Acadian Timber's cash flow is reasonably stable](#). Acadian Timber currently pays a quarterly dividend of \$0.29 per share, which works out to a 6.31% dividend yield annually. These high payouts make the stock an attractive pick for income-hungry investors. The company has also raised its dividend consistently since the beginning of 2015, nearly doubling the dividend payout in absolute dollars since then. With a P/E ratio of 17.46, it's possible the stock is [currently undervalued](#) as well.

With the 6.31% yield, if you were to invest the maximum TFSA contribution room of \$69,500 into Acadian Timber, you'd stand to rake in roughly \$4,400 a year in dividends. Naturally, it's ill-advised to use the entirety of your TFSA to invest in only one stock. However, even utilizing a quarter of that total amount to invest would still ensure that you secure about \$1,100 a year in dividends. These figures

should be mouth-watering for TFSA investors focused on high-dividend-paying stocks.

Take a cautious approach

The dividend a company pays is only a small part of the bigger overall picture of that company's health. It's important to consider the general state of a company going forward before choosing to invest money into the stock.

While Acadian Timber's dividend seems attractive, the company has not experienced tremendous growth amid a somewhat turbulent housing market and a generally stagnant timber industry as a whole. As the numbers stand, the company is also sporting a payout ratio of 103%, which may be cause for concern for investors focused on the sustainability of the dividend payments.

The bottom line

Acadian Timber offers a sizeable yield to its investors, with TFSA investors able to collect as much as \$4,400 a year off of dividends alone. However, Acadian Timber might be considered a high-risk/high-reward investment, as sales have been rather sluggish, and the company's payout ratio currently exceeds 100%. Whether or not Acadian Timber can sustain the juicy dividend on offer remains to be seen, but if it can, investors stand to reap the rewards and collect substantial passive income.

CATEGORY

1. Investing

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1. TSX:ADN (Acadian Timber Corp.)

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