



## How You Can Earn \$100/Week in TFSA Passive Income — Today!

### Description

Many investors have the same dream. They want to turn their Tax-Free Savings Accounts (TFSAs) into long-term passive income machines that will generate enough to ensure a prosperous retirement.

This is a *future* strategy, of course. It'll take decades of compounding for your TFSA to pass the [million-dollar mark](#), but it's certainly possible if you invest smartly, save regularly, and make sure you're not robbing the account to help pay for life's little emergencies.

At that point, turning your TFSA into a passive income machine is easy. You simply invest it in a portfolio that yields 4% and withdraw the income every year. A \$1 million TFSA will generate \$40,000 in annual income at a 4% yield. That might not be enough to retire on a few decades from now, but it'll still be a great start.

Some folks aren't that patient, however. They need to use their TFSAs to generate passive income *today*. Although they won't be able to generate enough to retire on today, they can still use their TFSAs to have a nice income stream.

Here's how you can use your TFSA to make \$100/week in sweet passive income.

### The easy way

Some people have been saving in their TFSAs for years now, diligently putting the maximum aside since 2009. Many of these TFSAs are now worth \$100,000 — or more.

This makes earning a decent amount of passive income from the account relatively easy. If you have \$100,000 in your TFSA, then you only need to earn a 5.2% yield to turn that capital into a \$100/week passive income stream.

One stock that would fit well in that portfolio would be **Telus** ([TSX:T](#))([NYSE:TU](#)), the telecommunications giant that has been a dividend growth stud over the last decade or so. Telus features a fantastic moat, the ability to raise prices over time, and growth potential as it rolls out its

ultra-fast 5G network over the next couple of years.

Telus shares currently yield a hair over 5%, which fits in really well with the yield needed. The dividend should continue to creep up over time too, which will help ensure this passive income stream keeps up with inflation over the long haul. The payout is sustainable too, even if the COVID-19 slowdown lasts for years.

## The harder way

I won't sugarcoat it. If you're starting your journey today and you haven't yet invested in a TFSA it's going to be harder to generate \$100 per week in passive income. You'll need to get significantly more yield, which means your stocks are more likely to [cut their dividends](#).

In order to generate \$100 per week in passive income from a freshly invested TFSA worth \$69,500, you'll need a 7.5% yield. That's a high yield, especially in today's world of low interest rates.

But it certainly isn't impossible to get that kind of sustainable dividend. Many of Canada's top REITs, for instance, offer payouts that high. One of my favourites today is **NorthWest Healthcare Properties REIT** ([TSX:NWH.UN](#)), which owns health-related real estate across Canada, Europe, Brazil, Australia, and New Zealand.

NorthWest's portfolio includes medical office buildings, hospitals, clinics, seniors living buildings, and long-term care facilities. Some of these assets have been impacted by COVID-19 and its impact on the health care sector, but over the long term this real estate should perform just fine.

Meanwhile, investors get to pick up shares at a bargain. In 2019, this REIT generated \$0.92 per share in adjusted funds from operations, a number that should slowly go up over time. Shares trade at approximately 11 times this number today, a very attractive valuation. The stock also yields a sustainable 7.5%, making it an excellent choice for TFSA passive income seekers.

## The bottom line

Whether you've been putting cash aside in your TFSA for years or you're just starting out today, it's very possible to generate a decent amount of passive income from your account. While \$100 per week might not seem like a life-altering amount of money, every bit helps.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:TU (TELUS)
2. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
3. TSX:T (TELUS)

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