Beyond the CRA's CERB or EI: Your TFSA Income Stream Can Last a Lifetime

### Description

The CRA's CERB (Canada Emergency Response Benefit) is slated to be replaced by EI-like support that also gives relief to eligible contractors and gig workers who've been put out of work as a result of the COVID-19 pandemic. As CERB winds down, many Canadians who have yet to regain their employment may be able to get relief in the form of EI payments, which are reportedly going to have more "relaxed" eligibility criteria.



We'll learn more about the rules of the new-and-improved EI-like benefit program and the CERB transitioning process over the coming weeks. In the meantime, many out-of-work Canadians still face a great deal of financial uncertainty. Fortunately, there is a solution for TFSA (Tax-Free Savings Account) users who seek income beyond the CRA's CERB or EI.

## Turning your TFSA into a passive-income generator

If you're one of many Canadians who've been making regular TFSA contributions over the years, you have the power to create your own income stream that's subject to more certainty than the CRA's CERB or the new ever-evolving EI that's set to take its place. Not to mention that your TFSA income stream will last indefinitely, and it won't be subject to taxes, assuming you play by the rules of TFSA use!

Consider scooping up shares of battered Canadian REITs that can offer relatively sustainable monthly income that can help Canadians feel more secure about their uncertain financial situations. While chasing yield isn't without its risks, the following REITs, I believe, are suitable for younger risk-tolerant investors who wouldn't mind sacrificing growth for a larger magnitude of monthly income beyond the CRA's CERB or EI.

## Passive income beyond the CRA's CERB or EI

Higher yields from hard-hit REITs may come at the cost of downside risks, long-term growth, or a combination of the two. This piece will have a look at two REITs in the latter category. After the COVID-

19 market crash, I think they both represent a great value-conscious addition to the core of any TFSA passive-income stream that aims to provide one with security and additional financial relief amid this unprecedented crisis.

Without further ado, consider **SmartCentres REIT** (TSX:SRU.UN) and **Inovalis REIT** (TSX:INO.UN), which sport yields of 9.12% and 10.4%, respectively, at the time of writing.

## SmartCentres REIT

SmartCentres REIT is a retail-focused REIT that's been battered amid the COVID-19 crash, with shares currently down 42% and 48% from its 2019 highs and 2016 all-time highs, respectively.

Around 60% of Smart's tenants are "essential businesses" that remain open through government-mandated shutdowns. That means Smart is a far more resilient REIT that most other retail or office REITs amid the pandemic. Too many investors don't give the REIT the respect it deserves, and although the yield is north of 9%, I view Smart's distribution as far safer than most other 9% yielders out there today.

I suspect retail REITs, even best-in-breed ones like Smart, will remain out-of-favour for the duration of this pandemic. If you don't mind the extra volatility, I think Smart is a great value and monthly income play to consider adding to your TFSA income stream.



## Inovalis REIT

Inovalis REIT is a European-focused office REIT that sports a super-high yield (a yield north of 7%) by design. Under normalized conditions, Inovalis typically yields between 7% and 8%, while experiencing a minimal amount of volatility. Of course, when the COVID-19 crash struck, everything changed, and the high-quality mid-cap REIT tanked before sharply recovering over half of the ground lost.

Today, Inovalis is off 30% from its all-time high, with a massive 10.4% yield that's far safer than most investors would expect. For the second quarter, the REIT experienced "nearly normal" rent collection. As the pandemic passes, I suspect the REIT could face substantial capital appreciation in a correction to the upside.

Although Inovalis has one of the safer +10% yields out there, you shouldn't seek to go all-in on the name, because the "normalization" of rent collection could reverse course if a potential second wave of COVID-19 causes further pressure on the world economy.

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**TICKERS GLOBAL**

1. TSX:INO.UN (Inovalis Real Estate Investment Trust)

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

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