The $2,000 CRA CERB Is Good: Here's More Money You Can Keep

Description

The federal government is helping Canadians by distributing relief money through the Canada Emergency Response Benefit (CERB). For now, that gives eligible Canadians $2,000 per month. Canadians can apply for the CERB through Service Canada or the CRA but not both.

Canadians can also help themselves by using their savings to earn more money they can keep. For example, they can invest for passive income.

You'll want to stick with proven dividend payers for satisfying and secure passive income.

Earn more money with passive income

The more you have saved, the more money you can earn. If you have retirement savings of $50,000, you can earn $3,000 a year on a 6% yield. If you have $100,000, you can earn $6,000. If you have $200,000, you can earn $12,000.

The important thing to keep in mind is that you shouldn't need this money for a long time, and then you can keep it invested for passive income.

Invest in your TFSA for +6% yields

Here are some stocks that provide yields of 6% or better. By investing the shares in your Tax-Free Savings Account (TFSA), you will pay zero tax to the CRA, unlike the CERB money that's taxable.

NorthWest Healthcare Properties REIT (TSX:NWH.UN) owns a global portfolio of healthcare properties and partners with leading operators in the respective markets.

It has more than 1,900 properties across seven countries. The diversified portfolio is defensive with a high occupancy rate of 97% and a weighted average lease expiry of about 14 years. Moreover, 74% of its rents have inflation escalations.

In the first quarter, the REIT just acquired its first hospitals in the United Kingdom. NorthWest's portfolio of assets remains 100% open in these critical times. It was able to collect 85% of its rent in May with the remainder deferred.

NorthWest is much more defensive than retail REITs that have seen rent cuts of 50-80%, depending on how much rent exposure were essential services tenants.

At writing, the REIT provides a yield of 7.16%.

Another solid dividend-paying stock is **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD). Due to the depressing economic outlook for the near future, the leading North American stock has been depressed as well. On the positive side, consequently, its dividend yield of 5.3% is much more generous than usual.

In a normal market, a yield of 4% from TD stock would be considered juicy. Therefore, with a 5.29% yield, the quality bank is highly compelling for long-term investment — for income and price appreciation.

TD's payout ratio of about 62% this year will protect its dividend. There's also a good chance the bank stock will deliver double-digit total returns over the next three to five years on a normalization of the economy.

The Foolish takeaway

Between NorthWest Healthcare Properties REIT and TD stock, Canadians can get a yield of more than 6.2%. That'd generate substantial passive income no matter how much you invest. Investing for that yield in your TFSA will generate even more money you can keep because there won't be any hindrance from taxes.

If you've never contributed to a TFSA before, you could have as much as $69,500 of contribution room. That'd be $4,309 of tax-free income a year!

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1. Bank Stocks
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TICKERS GLOBAL

1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
3. TSX:TD (The Toronto-Dominion Bank)

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kayng