



## Retirees: How to Generate Over \$500/Month in Tax-Free Income

### Description

Retirees have been thrown into a challenging environment in 2020. Earlier this year, I'd discussed how retirees can [gobble up huge income](#) on a monthly basis. Today, I want to discuss how some tactical investments in a TFSA can help retirees generate over \$500/month in tax-free income. In this hypothetical, we're going to be using the entirety of the \$69,500 cumulative room in a TFSA.

### Retirees: Two REITs that can generate huge income

**RioCan REIT** ([TSX:REI.UN](#)) is the first income-generating stock I want to look at today. Its shares have plunged 38% in 2020 as of close on August 20. REITs have been hit hard by uncertainty due to the COVID-19 pandemic. The stock last closed at \$15.58.

In our hypothetical, we will purchase 1,347 shares of RioCan REIT for a little under \$21,000. RioCan REIT pays out a monthly dividend of \$0.12 per share. With this holding in our TFSA, we will be able to generate \$161.64 in tax-free monthly income. That works out to \$1,939 in annual tax-free income. This is a great starting point for retirees, but we're not done yet.

**True North REIT** ([TSX:TNT.UN](#)) is another open-ended real estate investment trust. This REIT operates a portfolio of commercial properties in urban cities across Canada. Shares of True North have dropped 13% so far in 2020. However, its shares have increased 14% over the past three months. This is another REIT worth owning for retirees.

The stock last closed at \$5.96. In our hypothetical, we're going to purchase 4,194 shares for a little under \$25,000. This is due to True North's tantalizing value. It last possessed a favourable price-to-earnings ratio of 14 and a price-to-book value of 0.9. True North currently offers a monthly distribution of \$0.0495 per share. This holding in a TFSA would net \$207.60 per month in tax-free income.

With our two REITs and less than \$47,000 in TFSA room, we net nearly \$370/month in tax-free income.

## One healthcare stock that pays a tasty dividend

In May, I'd discussed why investors should [pursue healthcare stocks](#) in 2020 and beyond. **Extendicare** is a stock suited to retirees because of its income and its position in a promising space. The company provides care and services for seniors in Canada.

Shares of Extendicare have fallen 31% in 2020 as of close on August 20. It last closed at \$5.51. Today, we're going to purchase 2,450 shares of Extendicare for just under \$13,500. Extendicare last declared a monthly distribution of \$0.04 per share, representing an 8.7% yield. With our holdings, that works out to a monthly tax-free dividend payout of \$98.

## Retirees should also consider this energy stock

**Keyera** is the final stock I want to look at for retirees today. This company is engaged in the energy infrastructure business in Canada. Its stock has dropped 23% so far this year. Keyera stock last closed at \$24.85.

In this hypothetical, we're going to spend the rest of our TFSA room and purchase 402 shares of Keyera stock. It currently offers a monthly dividend of \$0.16 per share, which represents a strong 7.7% yield. This would net a tax-free payout of \$64.32 on a monthly basis.

Retirees can sleep easy knowing that their TFSA would generate over \$530/month in dividend income. That works out to over \$6,300 on an annual basis.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:REI.UN (RioCan Real Estate Investment Trust)
2. TSX:TNT.UN (True North Commercial Real Estate Investment Trust)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

### Category

1. Dividend Stocks
2. Investing

**Date**

2025/08/27

**Date Created**

2020/08/22

**Author**

aocallaghan

default watermark

default watermark