TFSA Investors: $60,000 in This Stock Pays $6,557 a Year

Description

We could all use some extra cash during this hard time. Practically every Canadian is financially strapped during this pandemic, as anything can happen. So, it's the best time to prepare your Tax-Free Savings Account (TFSA) by creating an emergency nest egg.

The best way to do this is by investing in dividend stocks. By choosing the right stock, investors should be able to continue bringing in passive income for the near and long term.

Which dividend stock?

If you want to create an enormous passive-income stream, you'll need an enormous dividend yield. A great option right now is **Slate Office REIT** (TSX:SOT.UN). Slate owns and operates 36 real estate assets across North America. Now, I know what you're thinking. Office space? Isn't that a bit risky right now? Not if those offices are 61% comprised of government or credit-rated tenants. It's these strategic acquisitions that means the company continues to grow organically, even now.

The company did see some struggle over the last year and had to slash its dividend to $0.40 per share back in 2019. However, that meant it was prepared before the economic downturn. It hasn't had to cut it any further, so today's dividend of 11.07% is quite stable.

Shares are incredibly reasonable as well, leaving not a lot of wiggle room for huge jumps or dives in share price. Shares at writing cost $3.66. Granted, I wouldn't buy this stock thinking it's going to make you rich in the next decade. But it will rebound to pre-crash levels, and that's a potential upside of 45% at writing. Meanwhile, you have this dividend yield to take advantage of.

Bring in that dividend income

Let's dig into this stock. Slate is like other REITs, giving out most of its payouts through dividends to shareholders. So, let's say you were able to invest $60,000 of your $69,500 TFSA contribution room. That would leave you with wiggle room to diversify, especially if you have a partner who can also create a diverse portfolio. That leaves yours to bring in the passive income needed.

If you invested that $60,000 in Slate today, you would bring in an annual dividend yield of $6,557.38. The best part? The company delivers its dividend to investors on a monthly basis. Investors would bring in $546.45 in passive income each month! And remember, if it's already in your TFSA, that'll bring in all that income tax free!

Meanwhile, in a year's time, that investment could be back to pre-crash levels. On the one hand, you'll be a whole $6,557.38 richer. On the other, you could see returns of 45%! That would mean your original $60,000 investment could be worth $109,180.33! Add on dividends, and that's $115,737.71!

Foolish takeaway

The growth of this stock is certainly not a guarantee. Its performance over the last few years hasn't been astounding, but the crash offers an opportunity. It's quite likely Slate will return to pre-crash levels . Meanwhile, it offers a strong dividend yield to take advantage of. So, start bringing in that passive income from this dividend stock!

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alegatewolfe