How to Earn Big TFSA Income That the CRA Can't Tax

Description

There are so many advantages to having a Tax-Free Savings Account (TFSA). The best part about it? It's tax free! As long as you follow the straightforward rules associated with having a TFSA, the Canada Revenue Agency (CRA) cannot come calling.

Yet there are so few Canadians that have a TFSA! It's actually shocking. Only about 57% of Canadians have a TFSA, according to the most recent data available. Even worse is that very few are using the full contribution amount!

If you have money to save, it should be in a TFSA. That's pretty much the end of it. If you have money set aside in savings, then put it into a TFSA and put that cash to work! Even if it's in something incredibly conservative, it doesn't matter. That will still be more earnings than zero earnings.

If you're young, say a millennial, the opportunities are even greater. You could pick one of those conservative stocks and see it grow for decades. These stocks also tend to come with another bonus: dividends. Dividends are extra cash on top of your returns. So, now you're receiving a boatload more than you would have just in a savings account.

How much, you ask?

Consider Northwest Healthcare

I'm going to use **Northwest Healthcare Properties REIT** (TSX:NWH.UN) as a great example of where to start, especially for millennials. The company has a solid dividend yield of 6.08% as of writing, and a strong market capitalization of just over $2 billion.

Shares in Northwest have been strong over the last few years. Since it came on the scene five years ago, the company has sported returns of 96.58% as of writing. That comes out to a compound annual growth rate (CAGR) of 14.47% per year in the last five years! But Northwest isn't done growing yet.

The company has healthcare properties around the world, ranging from office space to hospitals. That means you have a diverse portfolio in a space that see very little fluctuation in property agreements. Most leases and rentals are for several years, if not a decade. So, you can look forward to revenue coming in strong.

In fact, during Northwest's latest earnings report the company announced year-over-year returns of 10.8%! That's way up from two quarters ago at just about 1%. With its next earnings report due on Nov. 12, now is a great time to lock in this dividend yield before it gets away from you.

Foolish takeaway

TFSA investors have $69,500 to invest as of this year. While you should never put everything on one property, you could put $60,000 into Northwest and forget about it for decades. You would certainly walk away happy in at least a decade, if not longer. Say you put that $60,000 into Northwest for 10 years. If it continues to perform as it has, you could be looking at $332,725.32 with dividends reinvested.

There are a lot of high-risk-versus-high-reward bets out there. But if you're just starting a TFSA, those aren't likely for you. Instead, stick with something safe to begin with that still has plenty of strong growth in returns and dividends to come.

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alegatewolfe