



## Pensioners: Here's How to Generate an Extra \$480/Month in Tax-Free Income

### Description

The retirement picture will be very different for future generations of Canadians. [Last year](#), I'd discussed the decline of defined-benefit (DB) pension plans in the private sector. Some analysts predict that these plans will be virtually extinct in the private sector by the beginning of the next decade. Today, I want to discuss how Canadians pensioners can snag extra income right now. Even recent retirees may find the need for additional cash every month. Fortunately, pensioners can [utilize the Tax-Free Savings Account \(TFSA\)](#) to produce consistent tax-free income.

As it stands today, the cumulative contribution room in the TFSA is \$69,500. That is more than enough to build a portfolio that will provide hundreds of dollars in dividend payments on a monthly basis. Best of all, that income will be tax free.

## Pensioners: This REIT can provide big income in your TFSA

**RioCan REIT** ([TSX:REI.UN](#)) is one of the largest real estate investment trusts (REIT) in Canada. The COVID-19 pandemic has presented enormous challenges for commercial real estate, but RioCan put together a strong third quarter. It posted 93.4% cash rent collection in Q3 2020, 96% occupancy, and FFO per unit growth of \$0.06, or 17.2%, quarter over quarter.

In our hypothetical, we'll snag 1,360 shares of RioCan REIT at its last closing price of \$16.22 per share. This is worth roughly \$22,000 — about a third of the cumulative room we're working with. RioCan REIT offers a monthly dividend of \$0.12 per share, representing a 9.8% yield. This investment will provide pensioners with \$163.20 per month in tax-free income. That is a very attractive rate on a monthly basis.

## Don't sleep on this energy stock with a monster yield

**Keyera** ([TSX:KEY](#)) is engaged in the energy infrastructure business in Canada. This stock has dropped 32% so far this year. However, shares have jumped 9.7% over the last week. Here is another stock that can provide big income for pensioners.

In Q3 2020, Keyera delivered net earnings of \$33 million or \$0.15 per share. The company has remained committed to investing in growth capital in 2020 and 2021. Best of all, it has maintained its hefty dividend.

This stock last closed at a price of \$21.20. In our hypothetical, we'll pick up 1,090 shares of Keyera. That works out to just over \$23,100 in Keyera stock. It currently pays out a monthly dividend of \$0.16 per share, which represents a tasty 10% yield. This investment would net pensioners \$174.40 in tax-free dividend income per month. That is worth celebrating.

## One more attractive REIT for pensioners to hold in their TFSA

Grocery retailers have been the most reliable player in the beleaguered space in 2020. **Slate Grocery REIT** ([TSX:SGR.UN](#)) is an owner and operator of United States grocery-anchored real estate. Its stock has dropped 4.4% in 2020. Shares are up 6.3% over the past month.

Slate Grocery REIT closed at \$11.57 on November 11. In our hypothetical, we're going to pick up 2,000 shares of this grocery-focused REIT. That will cost us just over \$23,000. After this third investment, we still have a little bit of room in our TFSA. This REIT last paid out a monthly dividend of \$0.072 per share, which represents a nice 9.9% yield. Our investment will net pensioners \$144 in tax-free income per month.

Bringing together our investments, pensioners will be able to reel in a whopping \$481.60 per month. Best of all, that monthly income is entirely tax free in our TFSA.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. TSX:KEY (Keyera Corp.)
2. TSX:REI.UN (RioCan Real Estate Investment Trust)

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### Author

aocallaghan

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