



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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