



Retirees: 2 Stocks That Can Generate Over \$650/Month in Tax-Free Income

Description

Last week, I'd discussed why [pensioners](#) and even younger Canadians planning for retirement need to think about how to generate alternative income. Today, I want to explore the path forward for retirees more broadly. In June, I'd discussed how retirees could look to live solely on [CPP and OAS payments](#).

While this is possible, Canadians should aim to bolster their income so they can make the most of their twilight years. In this article, I'll explore how we can generate over \$650/month in tax-free income.

We should keep in mind that high-yield dividend stocks like these also carry some extra risks. Instead of gunning for the highest monthly income possible in a Tax-Free Savings Account (TFSA), retirees should also consider more conservative dividend picks.

Retirees: Why you should look to generate extra income

As I'd discussed in the article geared toward pensioners, defined-benefit plans are in steep decline in the private sector. Some analysts predict that these plans may be practically extinct in the private sector by the end of the 2020s. Even non-retirees can learn from these strategies so they can plot income generation for their own future.

In this hypothetical, we are going to be investing in a TFSA. Moreover, we will be using nearly all our cumulative room available – \$69,500. Let's dive in.

This REIT offers a monster dividend yield

Morguard REIT ([TSX:MRT.UN](#)) is a closed-end real estate investment trust that owns a portfolio of retail, office, and industrial income producing properties across Canada. Its shares have plunged 54% in 2020. The COVID-19 pandemic has posed a huge threat to commercial real estate. However, the hope for a vaccine in the months ahead should push us back into something resembling normalcy. Its stock has increased 9.6% month over month.

In our hypothetical, we're going to pick up 7,142 shares of Morguard — worth just under \$34,500. Morguard stock is still trading near a 52-week low and has a very favourable price-to-book value of 0.2. Best of all, this REIT offers a monthly dividend of \$0.04 per share. That represents a monster 9.9% yield. Our 7,142 shares of Morguard will net our retiree portfolio \$285/month in tax-free income.

One monthly dividend stock for retirees to try out

Chemtrade Logistics ([TSX:CHE.UN](#)) is an income fund that provides industrial chemicals and services in North and South America. Its shares have dropped 53% in 2020. The stock last had an attractive P/B value of 0.6.

This stock last closed at \$4.54 per share. For our hypothetical, we're going to pick up 7,600 shares of Chemtrade Logistics. That is worth just over \$34,500. Chemtrade currently offers a monthly dividend of \$0.05 per share. This investment will net us \$380/month in dividend income — a tasty-looking marker for retirees.

To sum up, by maxing out our TFSA room with these super high-yield dividend stocks retirees will be able to gobble up \$665 in tax-free income per month. That is a great boon, especially for those relying solely on CPP and OAS.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:CHE.UN (Chemtrade Logistics Income Fund)
2. TSX:MRT.UN (Morguard Real Estate Investment Trust)

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1. Business Insider
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