



TFSA Investors: Bring in \$275 per Month From This Dividend Stock

Description

We could all use some extra cash right about now. The stock market may have [recovered](#), but another market crash could certainly be on the way. That means finding stable dividend stocks during this volatile period is practically essential.

Lockdowns continue to happen across the country, and the world. This means businesses are likely to see another downturn similar to the beginning of the pandemic. Investors should be on guard for another market crash and looking for stable income. There are a number of dividend stocks out there, but not all are created equal. So if you want to bring in \$400 per month, it's going to take two things. First, a stock that will continue payouts. Second, a fairly large investment.

Consider Telus

There are a number of [telecommunications](#) companies out there, but **TELUS Corp.** ([TSX:T](#))([NYSE:TU](#)) has been at the top lately. That comes down to the company getting ahead of the 5G curve and installing wireline. Now, the company can look forward to bringing in revenue rather than dreading the huge investment.

It's certainly been working. Many people reconsidered negotiating contracts during the work-from-home economy change. Telus managed to see revenue grow steadily even during the peaks of the pandemic. Most recently revenue rose 4.21% year over year.

Meanwhile, its share price is back at pre-crash levels. But during the last decade, it's come up about 250%, for a compound annual growth rate (CAGR) of 25% during that time. And, of course, it offers a strong dividend of 4.69% as of writing.

Bring in that cash!

So if you want to bring in monthly income, it will take a fairly significant investment. Let's say you were to use \$70,000 of your Tax-Free Savings Account (TFSA) contribution room. That would bring in

\$3,297 in annual dividend income from this dividend stock as of writing. That would then equal \$274.76 in monthly dividend income!

But let's take this a step further. The company has continued to grow dividends each year over the last several years, by 8.19% in the last five years alone. So let's say you were to take that cash and reinvest it until you really needed it. Now you can take that money and put it toward Telus again and again.

Why do this? You now have free cash to put towards the stock and grow an even bigger portfolio. Using the information above, you can figure out where Telus might be in another decade! In this example, we'll assume it will continue to see share growth of 25%, and dividend growth of 8.19%. That means in another decade your \$70,000 investment could be worth \$819,441.71. That's almost a million dollars in a decade!

Foolish takeaway

Yes, we could all use the cash that comes from monthly dividend stocks. But if you don't need it right away, consider reinvesting that money. It certainly won't hurt, and could make you a millionaire if you invest properly! The best part is you don't have to invest in risky stocks. Instead, choose strong companies that will continue to be around paying those dividends for decades to come.

CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:T (TELUS)

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