TFSA Investors: Lock in This $332/Month Passive-Income Stream Today

Description

The Tax-Free Savings Account (TFSA) is the perfect investment tool for everyone. And I mean that literally. Even if you're a lazy investor, the TFSA offers the same benefits as anyone else. You can take on interest, capital gains and dividends, tax free. But it's those dividends you'll really want if you're lazy.

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There's nothing wrong with being lazy. You just have to be smart about your stock choices! In the case of the TFSA, you'll want a strong, stable stock that has years of returns behind it and a solid future outlook. Oh, and of course a juicy dividend yield.

That's why many investors look to real estate investment trusts (REITs), and you should! But there are so many to choose from. Today, however, I'm going to dig into one of the best options around.

RioCan

RioCan REIT (TSX:REI.UN) is one of the largest REITs in Canada, and offers one of the highest dividend yields right now. The company is retail focused, which is why shares have fallen quite a bit during the pandemic. But these spaces are also mixed-use, providing residential units above retail spaces mainly in urban areas of Canada. The REIT has a total of 221 properties as of September 2020, with 16 in development.

Of course the downfall to this stock is its exposure to the pandemic. Brick and mortar locations might be difficult to bring in revenue, but that's why the residential spaces are so great. You still see revenue come in even during the lower visits to retail stores. The stock's next earnings are on February 11, 2021, but its latest earnings were strong. The company maintained a 96% occupancy rate and quarter-over-quarter growth of 17.2% in FFO.

Despite its strong balance sheet and earnings, the company still trades 30% lower than pre-crash prices. That means today you can lock in a dividend yield of 5.49%.

Canadian Tire

So if you're a long-term investor, the lower retail revenue shouldn't scare you when looking at **CT REIT** (TSX:CRT.UN). CT owns all the Canadian Tire locations across Canada. Sure, the company saw a huge drop in on-location sales. However, it also saw e-commerce explode by 400% during its second quarter! That means the CT REIT locations are safe and sound, and will likely see an even bigger boom in revenue when the pandemic comes to an end.

The company manages 350 properties consisting mainly of Canadian Tire locations. Not only has the company been solid, but it's even making new investments totaling $77.2 million. Even better, the company has an astounding 99.1% occupancy rate, keeping rent and thus earnings stable.

CT Reit trades at around the same price as it was before the crash. However, this is a fantastic buy and hold for those seeking dividend income. Right now you can lock in a 5.05% dividend yield.

Foolish takeaway

This year you have contribution room of $75,500. Now I wouldn't recommend putting everything into these stocks, but for the purpose of this example let's say you put half of your TFSA into each stock. That would mean you bring in $1,931 from CT REIT and $2,052.48 from RioCan. That's a total annual dividend of $3,983.48 or $332 each and every month!

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1. TSX:CRT.UN (CT Real Estate Investment Trust)
2. TSX:REI.UN (RioCan Real Estate Investment Trust)

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