



## TFSA Investors: How to Earn \$197/Month in Passive Income

### Description

A tax-free passive-income stream can be a boon to your financial life. If it's substantial enough, you can divert more of your regular income to your RRSP, potentially maxing it out. This will help you earn a significant tax break, and you'll also lower your tax bill by relying more on your tax-free income for your regular expenses.

But a four-figure passive income from TFSA is quite difficult to attain, primarily because you can't contribute the amount required to start such an income in [your TFSA](#) without incurring financial penalties. But if you are looking for a more reasonable passive income, say, \$200 a month, you might be able to do it with just half of your fully stacked TFSA.

### A generous REIT

Thanks to the housing bubble, a lot of investors are already leaning more heavily towards commercial REITs. But when it comes to **True North Commercial REIT** ([TSX:TNT.UN](#)), the safety of the real estate segment its portfolio is composed of isn't the only reason to consider this REIT in [your portfolio](#); neither is its modest growth potential.

The primary reason you might consider buying True North is its remarkable 7.84% yield. It's high enough to give you a \$1,176 in passive dividend income a year, or \$98 a month if you invest \$15,000 in this REIT. The capital is less than a quarter of what a fully stacked TFSA would look like in 2021 (\$75,500), and that's excluding any growth and dividends you have accumulated in your tax-free account.

The REIT has a modest portfolio of 45 properties and a total of \$1.4 billion in assets. The portfolio is adequately diversified (geographically), since it's spread out over five provinces.

### A mortgage company

While not exactly the same industry, **MCAN Mortgage** ([TSX:MKP](#)) relies quite heavily on the

performance of the real estate sector as well. As a mortgage company that caters mostly to residential customers, the number of mortgages it invests in relies upon how hot the market is. The more activity in the market (more people buying houses), the higher MCAN's returns are likely to grow.

But the sustainability of its income relies upon the borrowers *paying* their mortgages on time. Still, it's a relatively solid income source, since paying mortgages is usually one of the first (if not *the* first) financial priority for most people.

MCAN also caters to the commercial real estate sector, but commercial loans and mortgages only make up a small portion of its portfolio. The bulk is made up of single-family residential mortgages and construction loans, and the company has a total of \$3 billion in assets.

MCAN is currently offering an [incredibly juicy yield](#) of 7.94%. So, if you invest \$15,000 in the company, you'll make about \$99 a month in dividend income.

## Foolish takeaway

If we combine the two payouts together, you will be able to earn \$197 a month by investing \$30,000 in these two dividend stocks and putting them in your TFSA. You can use that income for any routine expense — i.e., utilities, gas, food, etc. And if you don't need to use it right away, you can reinvest the dividends to grow your stake in the two companies without spending another dollar.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:MKP (MCAN Mortgage Corporation)
2. TSX:TNT.UN (True North Commercial Real Estate Investment Trust)

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