3 Top Stocks to Help Give Yourself a Raise

### Description



For many Canadians, expenses are outpacing salaries at an alarming rate, and relatively few are getting raises at a comparable pace. The cost of living is rising across multiple dimensions, including housing, food, transit, etc.

For many Canadians, asking for a reasonable raise and actually getting it is not a viable option, and neither is switching jobs for salary growth, especially in the current job market. Taking on side gigs or a second job is a practical alternative, but it's also quite exhausting.

One way to give yourself a raise that you should try and explore is investing your savings in both dividends and growth stocks. In the right assets, you won't just keep your principal amount relatively safe; you'll also generate a sizeable investment income to become an alternative to a pay raise.

## A dividend stock

If you are looking for a decent dividend stock with a high yield, **Rogers Sugar** (TSX:RSI) is a great contender. It's a leader in its industry, as the largest processed sugar producer in the country and the largest maple syrup producer in the world. It has a solid presence, especially since the merger with Lantic, which made Rogers into the powerhouse it is today.

The company is currently offering a mouthwatering yield of 6.5%. So, if you invest $20,000 (ideally inside your TFSA) in this company, you'll get about $108 a month. That's enough to cover at least some of the monthly expenses. The dividends are also quite safe, considering the payout ratio of 87.8%. And it's currently trading at a fair price.

## A growth stock

If you are only limited to your TFSA funds (even if you are accessing most of them), you might not be able to get your dream "raise." Mixing in growth in the form of a reliable growth stock like **Toromont Industries** (TSX:TIH) can be transformative for your investment-based earnings.

Toromont has been one of the most consistent growth stocks for a while now. It's also a Dividend Aristocrat that's currently offering a modest 1.3% yield. But its growth prospects make it a powerful holding for investment income.

The company has a 10-year CAGR of 22%. At this rate, the company is capable of doubling your money in about four years. If you are careful about your systematic selling of the stock to create an investment income stream, you might be able to generate a decent sum every year without actually depleting your principal (the capital growth will cover it up).

## A growth and dividend combo

**Exchange Income Fund** (TSX:EIF) was aggressively brutalized during the market crash. And even though the stock is still 8.4% down from its current after-crash peak, its recovery is all but complete. The devastation it suffered was the nature of its business — i.e., airlines. Still, the company stood strong and maintained its payouts, despite the fact that its revenues took a deep dive as well.



EIF is not a typical growth stock like Toromont. Its growth is usually cyclical, but if you are planning to hold this stock for decades, the 10-year CAGR of 16.4% will benefit you just the same. Add the juicy 5.5% yield to the mix, and you have yourself quite a raise. The stock is a bit overpriced, but the recovery momentum that is expected to carry it up for the next couple of years (until the airline sector fully recovers) might be worth the high price.

## Foolish takeaway

The raise at your job usually comes at the expense of added responsibilities, and since it's part of your taxable income, it also adds to the tax bill. This dividend and capital growth-based yield that comes from your TFSA neither adds to your tax bill nor requires you to put more hours or add to the work stress. It offers you the best of both worlds.

**CATEGORY**

1. Dividend Stocks
2. Investing

**TICKERS GLOBAL**

1. TSX:EIF (Exchange Income Corporation)
2. TSX:RSI (Rogers Sugar Inc.)
3. TSX:TIH (Toromont Industries Ltd.)

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