



## 3 Generous Dividend Stocks for TFSA Passive Income

### Description

The idea of deferring your taxes till you are retired and most likely in a lower income bracket is a financially smart one. That's the premise behind RRSP; the most commonly used retirement savings account in Canada. And the TFSA, which you feed with the income you have already paid taxes on, gives you a different range of financially savvy options.

One of them is that you can start a tax-free passive-income stream to both augment your primary income and offset your total taxable income (by diverting more funds to the RRSP and getting a huge tax break). Three stocks that can help you with that are below.

### The maple syrup king

**Rogers Sugar** ([TSX:RSI](#)), even though it has a relatively small market capitalization, has mostly been on the top of the food chain in its industry (refined sugar and maple syrup). The big fish in a small pond analogy is apt here. And this competitive advantage and no major competitors, at least in Canada, is what gives it decent financial stability.

This translates to reasonably safe dividends, though that's not always reflected in the payout ratios. Rogers Sugar is also a household name. The valuation is just right for now, even though the stock is trading at a 5.9% premium to its pre-pandemic valuation. And the yield is a juicy 6.3% right now, which promises a monthly income of \$52 with just \$10,000 invested.

### A REIT

REITs are dividend powerhouses when it comes to yield, though not so much when it comes to sustainability. One example is **BTB REIT** ([TSX:BTB.UN](#)), which slashed its payouts in 2020 by a significant margin. And though it doesn't make [the stock](#) seem very credible from a dividend-sustainability perspective, it indicates a stock might be highly unlikely to slash its payouts again anytime soon.

The share price has leveled out at about 25% down from its pre-pandemic peak. The valuation is just right, and the yield, despite the slashed payouts, is quite attractive at 7.3%. At \$10,000 invested, that's about \$61 a month in passive income. BTB is operating a portfolio with an asset value more than thrice its current market capitalization and has a decent tenant profile.

The chances of its income recovering enough to motivate the REIT to grow its dividends again are quite decent.

## An asset management company

**Fiera Capital** ([TSX:FSZ](#)) has a strong international presence and a portfolio quite large for its size if we take its market capitalization as the "size of the company." The assets under management are worth more than \$180 billion, and what's even more remarkable is the pace at which it has grown in the last 10 years.

[The portfolio](#) was worth only about \$29 billion in 2011. That's 15 billion a year growth (if we spread it out evenly). As for revenue streams, the company makes most of its money from institutional markets and from its intermediary financial services (over 77%). Regionally, most revenue is domestic (56.6%).

The mouthwatering 7.6% yield, which can net over \$63 a month with \$10,000 invested, is a steal, even at its currently high valuation.

## Foolish takeaway

With less than 50% of a fully stocked TFSA invested in the three [dividend stocks](#), you can get a monthly income of about \$176, completely tax-free. If you use that income for expenses while investing \$2,000 more in your RRSP (assuming you haven't already filled it to the brim), you can save somewhere between \$850 and \$600 in taxes (based on your original RRSP contributions), assuming you live in Ontario, with a yearly income of \$100,000.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:BTB.UN (BTB Real Estate Investment Trust)
2. TSX:FSZ (Fiera Capital Corporation)
3. TSX:RSI (Rogers Sugar Inc.)

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