



TFSA Investors: Make \$200/Month Without Spending a Dime

Description

If you're a Motley Fool investor that's had a portfolio for a while, it's very likely that you have a few dividend stocks in your Tax-Free Savings Account (TFSA). The TFSA has been a prime location for investors to put their cash aside since 2009. As of writing, the TFSA now offers [contribution room](#) of \$81,500.

But let's say this isn't the year you're going to be matching that contribution room. That is totally fine. You can either use the dividends you already have to invest or juggle your investments to reach these needs.

It's a great time to do just that, as it's the beginning of 2022. That's when the clock [resets](#), and any money you took out in 2021 is now available again in 2022. To check, simply go to the Canada Revenue Agency (CRA) website to see what's available in your MyAccount.

Now, the investment

Let's say you met the \$75,500 contribution limit last year. What I would recommend is taking some of that cash and putting it towards solid, long-term dividend stocks that can offer you cash for life. In fact, you can start earning \$200 per month by doing this.

I recently wrote in another article about the [sweet spot](#) for dividend stocks. If you're investing in this area, it's a great way to start your research. In the article, I drill down to finding companies that offer high dividends at an undervalued share price. And the stock I recommended there, I'll recommend again here: **Great-West Lifeco** ([TSX:GWO](#)).

Great-West is in the insurance industry, offering stability in a solid industry. It's a Dividend Aristocrat, offering a share price of \$37.60 as of writing with a dividend yield of 5.18%. Furthermore, it's undervalued, trading at 10.58 times earnings.

Next, the cash!

So, we now have a dividend stock that meets that sweet spot. And Great-West is a strong choice. As it continues to expand in emerging markets, with insiders investing \$3.8 million in the stock recently, the share price is likely only to grow.

That means it's a great time to lock in the stock with a high dividend yield. Right now, you'll receive \$1.96 for every share of Great-West. So, to reach \$200 per month, you would need 1,224 shares. That would give you a total cost of about \$45,228 as of writing.

Now, without spending a cent more of your income, you've used your prior TFSA cash to invest in a solid long-term hold. Further, you'll bring in \$200 per month, or \$2,400 per year, for the rest of your life! Well, until the stock increases the yield for another year.

Foolish takeaway

Of course, this is just an example. There are plenty of Dividend Aristocrats to consider for those seeking long-term dividend income. And you may not have \$45,000 sitting around to invest in your TFSA. But even still, this shows that a smart investment can produce income that will grow larger and larger for long-term Motley Fool investors.

CATEGORY

1. Dividend Stocks
2. Investing

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1. Editor's Choice

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Author

alegatewolf

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