



TFSA Investors: Make \$1,000 in Annual Dividends From This ETF

Description

The Tax-Free Savings Account (TFSA) is perfect for TFSA investors wanting to find solid dividend stocks. Not only are you bringing in cash every single quarter, and sometimes every month, but that cash is tax free! Even if your shares aren't performing at peak condition, you can still reinvest or take out [cash](#) any time you need it.

Where should you look for dividend stocks? You could research and research and still be left unsure about what dividends to invest in. That's why I recommend [exchange-traded funds](#) (ETF).

Why an ETF?

Having an ETF is like choosing your own portfolio with the click of a button for TFSA investors. There's no guesswork; you simply have to choose the right ETF for you. Then a team of managers looks after the portfolio for its investors. In the end, everyone wins!

The only issue is that with ETFs, TFSA investors aren't likely to see as high of a dividend. That being said, those dividends are far more secure. Further, they usually grow at a faster rate as well. If you look at real estate investment trusts (REITs), for example, many take quite some time to increase their dividends. Meanwhile, an ETF usually increases almost every year.

Which ETF should TFSA investors choose?

Today, I'm going to recommend **Vanguard FTSE Canadian Capped REIT Index ETF** ([TSX:VRE](#)). Vanguard has some of the top ETFs out there, and this Canadian capped REIT ETF is perfect for TFSA investors seeking strong, stable dividends.

The ETF hands out dividends on a monthly basis. This particular Vanguard fund focuses on the performance of a "broad Canadian real estate equity index." Right now, that aim is to replicate the FTSE Canada All Cap Real Estate Capped 25% Index, investing in stocks of Canadian REITs. It has \$7 billion invested in North America, investing in 16 stocks with the benchmark sitting at 18. It's also a

deal, trading at 11.5 times earnings — especially as it holds a five-year compound annual growth rate (CAGR) of 7.1%.

What you'd get

Let's say TFSA investors had some cash set aside to invest in dividend stocks like this one. You would earn about \$0.09 per month, and \$1 per year per share. Each share costs \$36.64 as of writing. Meanwhile, in the last year investors saw returns of 29% after rebounding out of the 2020 market crash.

Therefore, shares remain a steal trading a touch [higher](#) than 2019 levels. So, now is a great time to get back in it before shares continue on the stable climb that TFSA investors had gotten used to. Here is how you can make \$1,000 per year from this stock alone.

It's simple to see that to make \$1,000 in dividends, at \$1 per share that's 1,000 shares. So, that would cost TFSA investors \$36,640 at this point. That's not even half of your TFSA contribution room for \$1,000 guaranteed each year! Further, you could have an extra 7% from the investment itself. That's an additional \$2,564.80 in the next year. Suddenly, you have \$3,564.80 after just a year from one investment alone — and a low-risk one at that.

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2. Investing

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