Forget Shopify Stock: Bring in $212 in Monthly Tax-Free Income Instead

Description

Shopify (TSX:SHOP)(NYSE:SHOP) shares fell by 17% after earnings reported a loss of over half-a-billion dollars. Furthermore, Shopify stock management stated the company expects slower revenue growth in the future. This sent shares falling to 52-week lows, leaving Motley Fool investors asking one thing.

What now?

Hold and wait

I'll cut to the chase. If you have Shopify stock, I definitely don't recommend selling it. These 52-week lows won't last long, and, ideally, you should aim for long-term holds and not simply hoping for huge gains in a year or two. Long-term investors can definitely still benefit from Shopify if holding for a decade is the plan.

That's especially true if you have a Tax-Free Savings Account (TFSA). You can continue to see your shares make gains and keep it in the riskier part of your portfolio. Then you simply have to make sure the rest of your portfolio is in safer, conservative stocks that can pick up the slack in the meantime. So, while I wouldn't say buy up Shopify stock right now, I wouldn't recommend selling it either.

Use your TFSA

So, what other stocks *should* you have if you're worried about Shopify stock? Honestly, I would dig into dividends. And not just because of Shopify. Inflation soared 5.1% year over year in January, and I'm sure you've already noticed it. Meanwhile, salaries remain pretty much stagnant — definitely not falling into this new inflation. That means you're paying more to live the same life you did a year ago.

By using dividends in your TFSA, you can bring in two benefits. First, you can bring in stable, long-term cash when you pick the right company. That way, even if the market is doing poorly, you can look forward to cash coming in no matter what. Furthermore, if you pick the right stock, you can bring in dividends that will help you beat back inflation and make up for those Shopify stock short-term losses. Oh, and, of course, all those dividends are tax free!

A strong option

One option I love is **NorthWest Healthcare Property Units REIT** (TSX:NWH.UN). NorthWest REIT is a healthcare REIT that owns properties around the world within the healthcare industry. This includes hospitals and doctors offices, but also administration spaces and more. All of these were deemed essential, because they are in the healthcare industry. This mean during the pandemic NorthWest not only saw stability but managed to expand.

NorthWest recently announced an 11% year-over-year increase in assets under management. This comes from more acquisitions, including a $2 billion Australian healthcare REIT. It now boasts a 14.1-year average lease agreement on an international basis. While its dividend remains unchanged, it’s also steady. And shares are cheap trading at 6.59 times earnings at $13.40 as of writing.

Bring in tax-free income

A $50,000 salary would need to cover $2,550 to align with the current rate of inflation in a given year. If you’re not getting that from your job or through Shopify stock, then NorthWest is a solid option. In fact, you can cover that while taking up only about half of your TFSA room. To bring in $2,550 a year, you would need to purchase 3,188 shares. That would cost $42,719 at today’s price. You’ve now covered inflation and can continue bringing $212,50 each month for years to come!

CATEGORY

1. Dividend Stocks
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1. NYSE:SHOP (Shopify Inc.)
2. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
3. TSX:SHOP (Shopify Inc.)

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