TFSA Got You Down? Buy This Passive Income Stock Today

Description

The **TSX** today is down by about 10.64% year-to-date at the time of writing. It has many investors feeling blue after years of seeing shares rise higher and higher. Unfortunately, this is what happens after major rises, as we saw with the Great Recession. Many investors have forgotten how to deal with an economic downturn like this. But the answer is simple, finding a great passive income stock.

A passive income stock for a suffering TFSA

If your shares are suffering in your Tax-Free Savings Account (TFSA), you could take some of your investment cash and put it towards a great passive income stock. I'd like to note, however, that I'm not suggesting you suddenly sell everything and put it towards a passive income stock. Far from it. Instead, the cash you are putting aside for investing could be put towards one instead.

A great strategy is to use the dollar-cost averaging method. This is where you decide how much you're going to invest each month, bi-weekly, or per quarter, and invest in the passive income stock on a consistent basis. This reduces volatility, and is a great way to ease into a stock rather than buying a massive stake all at once.

But which passive income stock should you purchase for your TFSA?

Set up for long-term growth

If you want long-term growth for your TFSA, I would look at a real-estate investment trust (REIT) passive income stock in a stable industry. Right now, I'd say that industry is rental properties. The housing crisis continues in Canada, and isn't likely to disappear any time soon. This has meant many Canadians have come around to the idea of simply renting for life.

And let me be clear: there's nothing wrong with that! If you're one of these Canadians, you should not feel like a failure. Far from it. You should always do what's best for you and your family. While purchasing a property is a great investment, that's only true if you're not stretching yourself to your limit.

So, you can now get something back from the renter's market by investing in a company like **Canadian Apartment Properties REIT** (TSX:CAR.UN).

Create strong passive income

CAPREIT offers a great deal now that it's down 20.43% year-to-date, and trading at 6.14 times earnings. Plus it has a stellar dividend yield of 3.08% as of writing. That makes it a strong passive income stock you can get for a major deal on the TSX today.

Not only is CAPREIT expanding, but the passive income stock still has a long history of strong performance. Over the last two decades, shares have shot up to 880% on the TSX today. That's a compound annual growth rate (CAGR) of 12.09%. As for its dividend, it's grown at a CAGR of 2.69%. That's not incredibly high, but it's stable, which to me is more important.

So let's say you were to invest $10,000 over the next year in this passive income stock. By 2023, you could have shares back at pre-fall prices, growing your initial investment to $13,191. And you'd also love the dividends of $308.35 each year for life. Let it climb over the next decade, reinvest your dividends, and your portfolio could be worth almost $48,000!

CATEGORY

1. Dividend Stocks
2. Investing

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1. TSX:CAR.UN (Canadian Apartment Properties Real Estate Investment Trust)

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Date
2025/09/21
Date Created
2022/07/26
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