TFSA Passive Income: Make More Income Now With Yields up to 6.3%

Description

Thanks to rising interest rates, the riskless Guaranteed Investment Certificates (GIC) rate is fast approaching 5%. At writing, the best rate is 4.65% for a five-year non-redeemable GIC for non-registered accounts. The best one-year TFSA non-redeemable GIC rate is 4.40%. Stock valuations have dropped in response, as some stock market money flowed to lower-risk, fixed-income investments.

That said, if you keep your money in stocks and take greater risk, you can potentially earn more money in the long run. Immediately, you can start with these dividend stocks that will make you more income with yields of up to 6.3%.

Bank of Nova Scotia stock

Big Canadian bank stocks are no-brainer additions to a passive-income portfolio when they go on sale. Right now, **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS) is certainly one of the cheapest and offers the biggest dividend. Its dividend is supported by a sustainable payout ratio of below 50%. And it has the ability to grow its dividend over time for the long haul.

At $73.61 per share at writing, BNS stock trades at 8.8 times earnings. This is a discount of 25% from its long-term normal valuation. It would be a good idea to have an investment horizon of at least three to five years to allow for that valuation gap to close. Waiting should not be a problem for passive-income investors, because they'd enjoy a massive 5.6% yield from BNS stock.

Here's another dividend stock that also yields 5.6%.

Manulife stock

Manulife (TSX:MFC)(NYSE:MFC) provides life and health insurance. So, it generates stable cashflows from insurance premiums. It'd then invest those premiums to ensure it can cover claims thatarise. Since it has a large fixed-income portfolio, rising interest rates should benefit the company.

In the last decade, the insurance company has increased its earnings per share (EPS). Its five-year EPS growth rate is impressive at 10.6%. However, the stock price hasn't followed its earnings growth.

At $23.43 per share, it's super-duper undervalued at 7.3 times earnings, as it's expected to increase its EPS by at least 8% per year over the next few years. This is a discount of more than 30% from its long-term normal valuation.

Honestly, though, the stock seems to lack the strength to surpass $28 per share. At the very least, investors can count on its dividend that was protected by a trailing 12-month payout ratio of 36%.

A global healthcare REIT

You can make an even greater boost of your tax-free passive income by owning **NorthWest Healthcare Properties REIT** (TSX:NWH.UN) in your TFSA. It is in a position to continue growing its defensive real estate portfolio with more than 2,100 tenants, including hospital operators and healthcare practitioners. Its portfolio has 232 properties in eight countries.

Its stability is easily witnessed via its long-contracted cash flows that are largely indexed to inflation with a weighted average lease expiry of about 14 years. Not surprisingly, the healthcare REIT gets to maintain a high occupancy of approximately 97%.

At $12.74 per unit at writing, the stock is discounted by about 12% and pays out monthly cash distributions that equate to a generous yield of 6.3%.

CATEGORY

1. Dividend Stocks
2. Investing

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1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:MFC (Manulife Financial Corporation)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:MFC (Manulife Financial Corporation)
5. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

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