TFSA: Invest $50,000 and Get $550,000 + $333/Month in Passive Income

Description

The TFSA (Tax-Free Savings Account) gives Canadians the flexibility to grow their savings by investing in a variety of instruments. And stock investing could arguably be the best among all available options to grow TFSA wealth. When you invest in some monthly dividend stocks for the long term, you can generate reliable, tax-free passive income each month, apart from the return you get with an expected appreciation in the share prices of the company you invest in.

In this article, I'll highlight one of the best Canadian monthly dividend stocks you can consider buying right now to hold for at least 20 years.

One of the best Canadian monthly dividend stocks for your TFSA

If you're investing in stocks to own reliable monthly passive income using your TFSA, you should always try to pick stocks with solid financial growth prospects underpinned by fundamentals. This is a great way to filter out fundamentally weak stocks that might not prove to be so great investment in the long run.

Keeping these guidelines in mind, **Sienna Senior Living** (TSX:SIA) could be one of the best Canadian monthly dividend stocks to buy for the long term. This company primarily focuses on providing various living options to seniors, including long-term care, assisted living, and independent-supportive living. Sienna is headquartered in Markham and has a market cap of $849.7 million, as its stock currently trades more than 40% off its record highs.

As the recent broader market selloff has driven stocks across sectors downward, this monthly dividend stock has seen a 22% value erosion in 2022 so far to hover around $11.70 per share. At this price, it has an outstanding annual dividend yield of about 8%, and the company distributes its dividend payouts every month.

Key reasons to buy this passive-income stock for the long term

Apart from managing 13 third-party properties, Sienna Senior Living currently operates 80 self-owned seniors' living residences across Canada. After the COVID-19 pandemic-related restrictions and social-distancing mandates badly affected its operations, it witnessed a strong financial recovery last year. In 2021, Sienna reported $0.31 per share in adjusted earnings, which is significantly higher than its earnings of $0.11 per share in the pre-pandemic year 2019. Street analysts expect the company's earnings to grow by around 26% in 2022, as the occupancy at its residences continues to improve.

Based on 2021's census data, the Canadian population in the 85-plus age group is expected to triple in the next 25 years. However, Canadian seniors' housing construction starts have seen a sharp decline in recent years. Given that, you could expect a massive increase in the demand for Sienna's services in the next couple of decades. Moreover, Sienna is also focusing on expanding its retirement residences network further with the help of organic growth and retirement acquisitions. These are some key reasons why I expect its financial growth to increase exponentially in the coming years.

Bottom line

Given all the positive fundamental factors noted above, I expect Sienna's share prices to witness at least a 10-fold increase in the next 20 years. Based on that, if you invest $50,000 in its stock from your TFSA today, your invested money could grow to at least $550,000 after 20 years. With this investment, you'll also start earning $333 per month in a tax-free monthly passive income with the help of its quality dividends. That said, I highly recommend that long-term investors maintain a diversified portfolio with multiple dividend stocks instead of pouring in such a large sum of their TFSA savings into a single stock.

CATEGORY

1. Dividend Stocks
2. Investing

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Date
2025/08/27
Date Created
2022/10/16
Author
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