TFSA: Invest $100,000 and Get $1 Million + $642/Month in Passive Income

Description

If you have been contributing money to your Tax-Free Savings Account (TFSA) for several years, you should consider investing in some fundamentally strong stocks to grow your hard-earned savings in the long run. Besides the returns you'll get with appreciation in the share prices of the stock you pick, you can also expect to earn reliable monthly passive income by investing in dividend stocks.

In this article, I'll talk about an amazing dividend stock TFSA investors can buy right now to make a fortune in the long term.

The best dividend stock for TFSA investors

One of the biggest advantages of dividend investing using your TFSA savings is that you don't need to worry about paying taxes on the returns or the passive income you generate. But to minimize your risks, you should always invest in stocks from an industry with huge growth potential. And it's always a good idea to avoid investing in companies with a very complex business model that you don't understand easily.

Considering all these factors, **Sienna Senior Living** (TSX:SIA) could be a great dividend stock for TFSA investors. This Markham-headquartered company distributes its dividend payouts every month and currently has a market cap of about $882.1 million. Its stock trades at $12.15 per share with 19.2% year-to-date losses. At this price, the stock offers a solid 7.7% annual dividend yield. Now, let me explain why I find Sienna stock really attractive for TFSA investors.

Key reasons to buy this dividend stock now

Sienna Senior Living has a very easy-to-understand business model, as it primarily focuses on providing a variety of living options like assisted living, independent living, and long-term care toseniors in Canada. The firm generates revenue by operating 80 seniors' living residences, includingretirement residences and long-term-care communities, in British Columbia, Ontario, andSaskatchewan. Besides that, it also manages 13 third-party residences.

Based on the 2021 census, the Canadian seniors' population in the 85-plus age group is likely to triple in the next 25 years, which should significantly boost the demand for Sienna's services and its financial growth in the long term. Despite its consistently improving fundamentals with increasing occupancy rates at its properties this year, the recent broader market pullback has driven this dividend stock sharply lower. However, the ongoing temporary macroeconomic challenges shouldn't have any major impact on the company's long-term growth outlook. That's why I find Sienna stock highly undervalued right now to buy and hold for at least the next two decades.

Bottom line

Given the expected sharp demand growth for Sienna's services, its stock has the potential to deliver solid 10-fold returns over the next two decades. It simply means if you invest $100,000 in Sienna stock now from your TFSA, your invested money could grow to $1 million in about 20 years. With this investment, you can also expect to receive $642 in monthly passive income from its dividends, which is equivalent to more than $7,700 per year. While this example should give you a good idea of how dividend investing can help your TFSA cash grow fast in the long run, you must consider diversifying your portfolio instead of pouring in a big pile of cash in a single stock.

CATEGORY

1. Dividend Stocks
2. Investing

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