



TFSA Investors: Lock In Passive Income From This Top Dividend Stock

Description

If you're an investor seeking out passive income in this market downturn, time *could* be running out to get some great rates — especially if you're putting that cash in a Tax-Free Savings Account (TFSA).

Each year, the TFSA gets a bit more contribution room added. If you've been maxing out every year, then right now, you want to grab those cheap forever stocks while you can get more than usual. Such is the case for this dividend stock that could create stellar passive income for life.

Why a TFSA?

Sure, a TFSA only allows you so much contribution room. However, it's certainly worth it. If you've been maxing out that limit, you have \$81,500 as of writing. Part of that includes the most recent \$6,000 added in January 2022.

The best part of the TFSA is the tax-free part — especially when you're looking for passive income. You're creating more cash, adding more each quarter or even each month to your TFSA but won't be penalized in the slightest. It's easiest way to add more cash to your TFSA after reaching your limits!

The dividend stock I'd choose

If you want to lock in a high yield from a solid performer, then I would look at Big Six bank **Canadian Imperial Bank of Commerce** ([TSX:CM](#)). CIBC stock is one the Canadian banks that continues to do well coming out of any economic downturn. That includes during the Great Recession, where shares climbed back to pre-crash highs within a year.

Since then, shares have continued to climb, with only the pandemic and the recent downturn hurting shares. But investors should take a long-term approach when considering this stock. It's been around for decades, as it remains the third-largest bank by market cap. Furthermore, it's expanding even more with its focus on improving customer service, bringing in more clients than ever before.

Buy up passive income

What's great about CIBC stock is that you can lock in the highest yield among the Big Six banks for a cheap price. I mean that in every sense. Shares are down 11% year to date, trading at 9.09 times earnings. The bank also went through a stock split this year, so you can pick it up for half the price of what it was earlier this year.

Right now, investors can pick up CIBC stock with a dividend yield at 5.26%. That means if you were to pick up \$6,000 in shares, you would get about \$315 in annual income! Compare that to 52-week highs, where you would have got just about \$238.

Bottom line

CIBC stock is a solid choice for passive-income seekers wanting a dividend stock. Right now, though, it offers significant value at these levels, with shares down over 11%. And remember, while it's true that shares could fall further, that's not a great long-term approach. Shares are down over 10%, and that's *immense* value that most investors will wish they had taken advantage of when they could.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CM (Canadian Imperial Bank of Commerce)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. alegatewolf
2. kduncombe

Category

1. Dividend Stocks

2. Investing

Date

2025/08/15

Date Created

2022/11/17

Author

alegategwolfe

default watermark

default watermark