# How to Pay Your Recurring Bills With Dividends

## Description

In the normal course of things, people work and earn monthly income to pay for their cost of living. Among the essential costs are food, transportation, rent or mortgage payments, internet, cell phone, utilities, etc.



The idea is that when you retire, you should have accumulated enough assets or enough funds to pay for your cost of living post-retirement.

You can pay your recurring bills (at least partially) with dividends starting today instead of waiting until you retire.

Let's say your cell phone plan costs you $60 per month. If so, it'd cost $720 per year.

It's not difficult to find safe yields of 4-5% on the market. If so, you'd need to invest $14,400-18,000 to generate the income you need to replace that recurring bill.

Image not found or type unknown

CADollars cash money

**Look for safe dividend-growth stocks**

A safe utility that offers a yield in that range is **Emera Inc.** (TSX:EMA). At below $45, it yields nearly 4.7%, which is at the high end of its five-year yield range. This indicates that it may be priced at a value.

Emera's acquisition of TECO Energy in July 2016 will no doubt help increase its earnings growth, so it'd be above average.

Indeed, analyst consensus estimates its earnings-per-share growth to be 9.2-10.3% in the next three to five years. So, Emera's shares are reasonably priced and trading at a price-to-earnings ratio of 18.1.

The utility has a good S&P credit rating of BBB+, has about $28 billion of assets throughout North America and in four Caribbean countries, and earns roughly 85% of its adjusted net income from rate-regulated businesses.

**Cover $60 of bill payments from Emera dividends**

Based on today's yield of 4.66%, you'd need to invest $15,451 to generate enough dividends to cover the cell phone bill. That's a large amount to come up with out of the blue.

However, investors need to start somewhere. It costs, at most, $10 per trade. So, to limit trading cost at about 1% of the investment, investors should consider investing at least $1,000 each time.

Based on the median individual income of $27,600 in 2011 and an inflation rate of 3%, the median individual income for this year would be $32,956. Assuming you're able to save $1,000 every three months, it'd be a savings rate of about 12%.

Investing $4,000 in Emera would generate about $186 of income next year. It'd cover about 25% of the cell phone bill. However, it's very likely that Emera would hike its dividend this year like it has done for every year in the last decade.



**The takeaway**

By investing in a portfolio of safe, dividend-growth stocks starting with Emera today, you can start paying your bills with dividends.

Any increased investment or dividend growth will only allow you to replace your bills faster. For the record, Emera management expects to grow its dividend by 8% per year through 2020.

**CATEGORY**

1. Dividend Stocks
2. Investing

**TICKERS GLOBAL**

1. TSX:EMA (Emera Incorporated)

**PARTNER-FEEDS**

1. Msn
2. Yahoo CA

**Category**

1. Dividend Stocks
2. Investing

**Date**
2025/07/29
**Date Created**

2017/01/31

**Author**

kayng