



How to Be Financially Independent

Description

You can buy a lottery ticket and become a multi-millionaire tomorrow, but you'll need to be super-duper lucky. Or you can jump on "get-rich-quick" schemes that promise to double, triple, or quadruple your money in a short time. However, these aren't reliable ways to become financially independent.

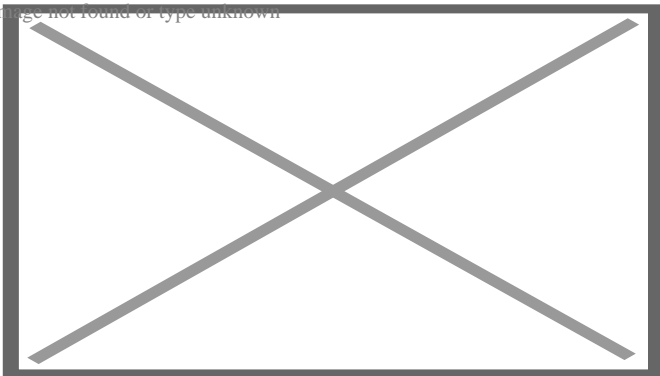
Even buying stocks with the goal of price appreciation doesn't necessarily help you achieve financial independence because you can't control when stocks appreciate, nor can you control when stock markets correct or crash and stay depressed for extended periods of time.

To be financially independent, you need to generate enough reliable income for your needs. Everyone's income needs are different. Think about what your ideal life would be and what income level will get you there to determine how much income you need.

When markets correct, and if you don't have a large enough stock portfolio, you'll find that selling shares of stocks will not be enough to cover for your needs. What's worse? You may be selling stocks for less than what they're truly worth, and that'll be detrimental to your financial well-being.

To be financially independent, you need to generate enough income in all markets and cycles. Think of generating income from multiple sources, potentially from rental properties, side gigs, hobbies, a side job, etc.

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To use [dividend investing](#) as a source of income, you want to buy a basket of diversified dividend stocks that have the capability to increase their dividends every year. **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)) is such a stock.

Brookfield Infrastructure has increased its dividend per share for 10 consecutive years with a three-year dividend-growth rate of 10.8%. Its dividend per share is 8% higher than it was a year ago.

Brookfield Infrastructure has an investment grade S&P credit rating of BBB+. Its globally diversified portfolio, consisting of quality, long-life assets in the utilities, transport, energy, and data infrastructure sectors, generates sustainable and growing cash flow, which is about 95% regulated or contracted. Additionally, its recent funds from operations payout ratio was about 61%. So, the blue-chip stock's roughly 5% yield is safe.

In early November, Brookfield Infrastructure renewed its normal course issuer bid, so it could buy back up to 5% of its outstanding limited partnership units and up to 10% of the total public float of each series of its preferred units. It's a good time for the company to consider buying back shares, as the stock has retreated about 15% in the last 12 months.

Investor takeaway

To be financially independent, ensure you're able to generate enough reliable income for your needs in all markets and cycles. If you invest in [blue-chip dividend-growth stocks](#), such as Brookfield Infrastructure, which increase their payouts by more than the inflation rate, you can be sure to more than maintain your purchasing power without having to sell any shares.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)

PARTNER-FEEDS

1. Msn
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