



Are You a Part of the FIRE Movement?

Description

If you're a part of the FIRE Movement, you're aspiring to be financially independent so you can retire early. We're not talking about retiring one or two years earlier, but *decades* earlier.

To get you fired up, visualize yourself sun tanning on a beach in Mexico, snowboarding on Whistler, frequenting your favourite restaurants, watching movies at the theatre when most others are at work or at school...

Pretty much visualize yourself living the ideal life you want without having to work to pay the bills. This is what it means to be financially independent and to [retire early](#).

People who are a part of the FIRE movement are saving aggressively, with some boasting a 70% savings rate after paying for taxes. Having additional sources of income, such as from part-time jobs or income-generating investments help tremendously. Unfortunately, it usually means you need to reduce instant gratification.



Image source: Getty Images

Get passive income from dividend stocks

A common strategy to generate extra passive income is via investing in [proven dividend-growth stocks](#).

Retirees often hold dividend stocks in their portfolios to help contribute for their income needs. So, why shouldn't you?

You might consider **TransCanada** ([TSX:TRP](#))([NYSE:TRP](#)), which currently offers a dividend yield that's close to its 10-year high. At about \$51.40 per share as of writing, it offers a dividend yield of almost 5.4%. If you buy \$5,000 worth of the stock, that equates to an extra income of \$269 per year. What's more? You'll likely get a raise in the future.

TransCanada has increased its dividend per share for 17 consecutive years and counting. Management's latest forecast indicates dividend growth of 8-10% per year through 2021. This means that without investing more money from your pocket, you'll get the income of \$290-296 next year, as the energy infrastructure company tends to increase its dividend in the first quarter.

TransCanada's dividend is supported by cash flows that are largely regulated or underpinned by long-term contracts. Furthermore, the company expects growth from \$36 billion of commercially secured projects through 2023.

Investor takeaway

To help you on your path to financial independence and early retirement, begin building a diversified portfolio of blue-chip dividend-growth stocks, such as TransCanada, when they're attractively valued. You can use the dividend income generated to pay the bills or invest for more income!

TransCanada is an excellent addition to your dividend portfolio today as it trades at about 14 times earnings. Currently, **Thomson Reuters** has a mean 12-month target of \$63.80 on the stock, which represents about 24% of near-term upside, which is another indication that the stock is undervalued.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

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1. NYSE:TRP (Tc Energy)
2. TSX:TRP (TC Energy Corporation)

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