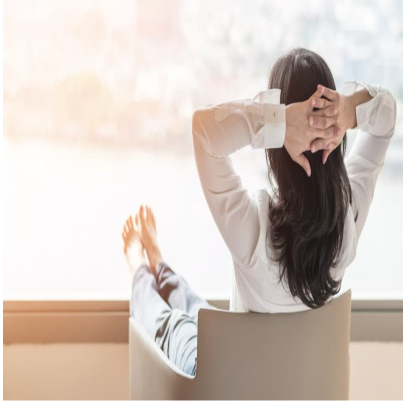

1 Stock That Can Help You Make $500 a Month in Passive Income

Description

If you're looking for a way to add some recurring monthly income to your portfolio, the good news is there are plenty of options to do so. While many people might have you believe you'd have to invest in a bank stock like **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) to earn a good stream of dividends, it isn't the only option. And that's not to say that TD isn't a good dividend stock; with a yield of around 3.9%, it's a great, reliable payout that investors can rely on for years.

However, there are also other options out there that pay higher yields or that have more growth potential that could be better options for investors. TD is always going to be limited in the growth that it can offer, as banking isn't an industry where you're going to see hot new products.

There's a lot of routine and predictability when it comes to TD that can be very powerful to investors, but if you're looking to make some significant dividend income. then you might be better off looking elsewhere. TD is great for the very long game or if you've got a lot of money saved up, but with payouts only being quarterly and the dividend under 4%, you could make the most of your money elsewhere.

One stock that could offer a much more appealing monthly dividend is **Cineplex Inc** (TSX:CGX). Not only does the stock offer dividend growth, like TD's stock does, but it also has a much higher payout today. Currently, the stock pays investors a yield of 6.8% annually.

Payments of 14.5 cents per month have risen more than 20% in five years, back when the company was paying just 12 cents. That equates to a compounded annual growth rate of 3.9%, and while it's not as high as other dividend-growth stocks, it's still a very steady rate of increase.

And with Cineplex dividends already fairly high, there's less incentive to need a growing dividend anyway. With the stock's attractive yield, investors will have to invest about $90,000 into the stock to earn more than $510 per month.

If you have less than that saved up, you still could reach that amount by simply waiting for the payouts to increase. For instance, if you invested $70,000, then it would take roughly six years of increases at

3.9% to get the dividend yielding around $6,000 per year or $500 per month.

Bottom line

Ultimately, you still need to build up savings to get to a point where you can earn this high of a dividend. The end result, however, could help give you a lot of flexibility in your day-to-day life once you do. Investors should also remember that dividends are never a guarantee and there's always going to be some risk involved. Cineplex, in particular, is a bit of a riskier buy than TD, but given the different ways the company is looking to innovate, it could indeed unlock some significant growth opportunities that could be exciting for investors and produce a lot of upside in the process.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:CGX (Cineplex Inc.)
3. TSX:TD (The Toronto-Dominion Bank)

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djagielski