1 Simple Way to Make $1000 of Passive Income Each Quarter

Description

This isn't a joke, really. There really is one easy way for you to put an extra $1,000 of cash in your pocket every quarter.

I will, of course, admit that it might take a fair amount of investment, but once in there you'll be glad to have done it.

The one way, of course, is to invest in a solid dividend stock, and stocks don't get much more solid than **Enbridge Inc.** (TSX:ENB)(NYSE:ENB).

Now of course, in the short term there is some bearish evidence for this stock based on the oil and gas industry as a whole. It might take a little bit for this stock to rally back to where its stock price belongs around $60 a share. However, that makes it an ideal time to buy up as much of this stock as you can and take advantage of its strong dividend.

Growth potential

When this stock does begin to grow, as many fool contributors have written, it should blow up into the stratosphere. The company distributes and transports energy throughout the United States and Canada, including some regional pipelines that tie into its Canadian Mainline System, supported by long-term contracts.

That's where the company sits now, but in the not-too-distant future, its systems are set to explode. Already, the company has announced that its Line 3 Replacement and Expansion Project will be set to transport 750,000 barrels of crude oil per day by the latter half of 2020.

In addition, the company has about $16 billion it plans to spend on growth projects over the next few years.

As these projects begin to come online, and as oil and gas supply demand increases, Enbridge stands to make a killing in both the short and long term. In the short term, shares should skyrocket as pipelines come into use. Over the long term, the company has a number of long-term contracts that will keep Enbridge's cash flow stable for growing for decades.

The dividend

So now to the part that matters for the argument of this article. With all this current and future cash in hand, Enbridge plans on increasing its annual dividend by 10% in 2020, after maintaining this solid increase over the last three years, covering its distributable cash coverage ratio by 1.7 times the dividend in that same time. The dividend currently sits at 5.96% at the time of writing this article.

The company's balance sheet supports this increase in dividend, with Enbridge recently announcing revenue of $12.86 billion in its first quarterly earnings report, diluted earnings per share of $0.94, and $2.76 billion in distributable cash flow.

As I've mentioned, these numbers should only continue to grow as new projects, assets, and improved performance amp up. And that's also where Enbridge has an advantage. This isn't an across-the-board expansion in the oil and gas industry.

It's extremely difficult to get the approvals needed to grow or even begin pipelines, and Enbridge is already in the building phase for most of its projects.

So… how much?

If you're investing at the time of writing this article, shares cost $49.13 per share.

With a dividend yield of 5.96%, you're looking at a dividend of $2.95 per year or $0.7375 per quarter.

That means that in order make $1,000 each quarter, you'll need to invest in 1,356 shares, which will come to a total investment of $66,620. Most of that could go into your TFSA for tax-free income.

In the next 12 months, you'll be guaranteed an extra $4,000 in your pocket, but to be honest, with this stock you're likely to have a lot more. Even if the stock just grew to fair value at $60 per share, that would turn this investment into $81,360. Add $4,000 and that comes to $85,360.

Not bad income for only one year.

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