



## TFSA Investors: A TSX Index Stock With a 5.9% Dividend Yield to Start Your Passive Income Fund

### Description

Imagine getting a salary without having to actually work.

That might sound like a dream, but it is possible if you have enough savings and are able to generate decent returns on your investments. One way to build a passive income fund is to buy high-yield dividend stocks inside your Tax-Free Savings Account.

If you need the money right away, you get to keep the full value of the dividend. In the event that you're planning to tap the income stream later in life, the dividends can be used to acquire more shares and tap the power of compounding to grow the size of the fund.

Let's take a look at a top **TSX Index** stock that might be an interesting pick to start a TFSA fund geared toward [passive income](#).

### Enbridge ([TSX:ENB](#)) ([NYSE:ENB](#))

Enbridge is a major player in the North American energy infrastructure industry, with pipeline systems in Canada and the United States that transport a significant percentage of the oil, natural gas and gas liquids produced in the two countries. The company also has natural gas distribution businesses directly serving residential and commercial clients. Renewable energy assets round out the mix.

Enbridge recently shifted its strategy to focus on regulated businesses. The planned monetization of up to \$10 billion in non-core assets is going well, and management says the \$16 billion capital program can be funded without issuing new shares.

The board raised the dividend by 10% for 2019 and intends to bump it up by another 10% next year. Beyond 2020, investors should see the distribution increase in line with gains in distributable cash flow of at least 5% per year. The existing dividend provides a [yield](#) of 5.9%.

A \$10,000 investment in Enbridge 20 year ago would be worth \$85,000 today if you pocketed all the

dividends — and worth more than \$120,000 if the dividends were invested in new shares.

Future growth might not repeat the past performance, as rising opposition to major pipeline projects has made it harder for Enbridge and its peers to get large developments approved. This is worth considering when evaluating the company, although Enbridge is big enough that it can grow through additional strategic acquisitions and smaller tuck-in projects within its existing asset base.

Further interest rate hikes in Canada and the United States are likely on the shelf for the medium term, which should be positive for Enbridge and its shareholders.

## The bottom line

Enbridge has a proven track record of dividend growth, and its pipeline infrastructure serves an important role in moving oil, gas, and gas liquids across Canada and through the United States. If you're searching for a reliable high-yield stock to start your passive-income fund, Enbridge deserves to be on your radar.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Stocks for Beginners

### TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)

### PARTNER-FEEDS

1. Msn
2. Newscred
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