TFSA Investors: Add $250 in Tax-Free Monthly Income

Description

The other day I took a hard look at the investments I had in my portfolio and started to count. I have a number of investments that provide me with dividends, and there's one I frankly wish I had more of: **Pembina Pipeline Ltd.** (TSX:PPL)(NYSE:PBA).

After adding up the dividends I have available to reinvest during a recession, I was incredibly impressed by what I was making through Pembina.

Thus, ahead of a recession, I thought it would be selfish not to share why this company is a clear path to profit even during a downturn.

Pembina is currently trading at prices not seen since August 2014, yet the stock is just now reaching fair value at a share price of about $49 as of writing. That's due to a number of factors that should see the stock continue to rise even as the markets fall.

First off, Pembina's industry, oil and gas, is in a slump due to the glut in the oil and gas industry, where there isn't a way to ship out all of this product. That leaves companies like Pembina in a race to complete pipelines as fast as they can.

Pembina has been doing just that, with $3.1 billion in growth projects that should all be completed by the end of next year or early 2021.

That now includes the newly acquired Kinder Morgan's Cochin pipeline after Pembina purchased **Kinder Morgan Canada** for US$3.3 billion last month.

This addition sent shares in both companies soaring even during an oil and gas downturn, as it puts cash in Kinder Morgan's pockets, and increases Pembina's pipeline presence through acquisition. That's a win-win if I ever saw one.

Beyond this series of growth, Pembina is also supported by long-term contracts that will see cash coming in for decades. For investors looking at this company's strong dividend, they can be rest assured that not only will it be supported throughout those decades, but most analysts predict a raise in annual dividend of about 5% or more over the next few years.

In the past five years, the dividend has risen an average of 8% per year to 4.90% as of writing.

That dividend yield comes out to $2.40 per share per year, or $0.20 per share per month. In order to reach $250, it's going to take quite a large initial investment. If you're willing to wait, it might be best to seek out a dip in share price given that the company is near all-time highs.

But if you're impatient and want to get started on your dividend growth today, I can't blame you, especially as those dividends can then be reinvested into your savings on that monthly basis, making up for the premium price you may have paid.

In order to reach $250 per month in dividends, you'll need to purchase 1,250 shares today, bringing brings the total cost up to just under $61,500 as of writing.

Luckily, that's not even all of your contribution room in your TFSA! So without partnering up or waiting for a dip, you can purchase Pembina today and see that $250 start to roll in.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:PPL (Pembina Pipeline Corporation)

PARTNER-FEEDS

1. Business Insider
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Date
2025/09/06
Date Created
2019/09/19
Author
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