



This 3.88% Dividend Stock Will Pay You \$300 Cash Every Month

Description

If you've been working for a few years, and have developed the habit of putting aside a portion of your money as savings, you're in for a great opportunity.

Controlling your spending to save for a rainy day is a smart decision. At the same time, however, I feel that just leaving that money idle is a waste.

Smart investors can use that idle cash and make their money work for them. If you can round up \$100,000 in savings, you can use that amount to help you earn \$3880 per year, which means you can make more than \$300 per month – all without doing anything. It's all a matter of investing in the right stocks and storing it in a tax-free savings account.

To this end, you'll be delighted to know that **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) shares are an ideal investment option for you to consider. Let's try to understand how this works.

TFSA and dividends

TFSA is an account type in which you can hold any investment vehicle without having to pay taxes or management charges. Storing stocks from any company, as well as the company's share prices increasing does not affect your maximum contribution limit to the TFSA. Any capital gains or dividends will also [accumulate in your account](#), completely tax-free.

Companies like RBC pay shareholders dividends per share as the company earns more money. It means that as the company grows, its share prices will increase.

Your wealth is already increasing due to the appreciating value of the company's shares. Any dividends paid by the company are added to your account as extra cash.

\$300 a month

Royal Bank of Canada is paying shareholders dividends every quarter with a yield of 3.88% at the time of this writing. The bank has consistently paid investors dividends without fail for a long time.

At a yield of 3.88%, an investment of \$100,000 in RBC shares means you will own roughly 923 shares of the largest bank in Canada.

For every share, the bank pays \$4.02 per share to investors annually; 923 shares of the company mean you stand to earn \$3.876.6 per year, which translates to \$323.05 per month.

A safe option

The Royal Bank of Canada has a market capitalization of \$156.05 billion, making it the largest bank among Canada's Big Five. Canada's banking sector already enjoys a solid reputation as being a reliable performer on the stock market, and RBC is the best among its peers. In terms of safe investments, few companies can compare it to a successful bank in a well-established industry.

The Royal Bank of Canada is also making strides to accommodate the increasingly evolving needs from the world of banking today. Leveraging [the power of Artificial Intelligence](#), RBC looks poised to improve on its position as a top performer even further.

Foolish takeaway

RBC trades for \$108.28 per share at writing, and the share prices keep appreciating every year. If you're looking to earn a sizable amount through passive income, investing in RBC stocks could be a great way to make your money work for you.

CATEGORY

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1. NYSE:RY (Royal Bank of Canada)
2. TSX:RY (Royal Bank of Canada)

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