TFSA Investors: Make $500 a Month Without Working With These 3 Dividend Stocks

Description

If you're working like most people, it can take some time to earn $500 that way. If you earn $20/hour, it will take you 25 hours to earn $500. And that's before tax. Wouldn't you like to earn $500 after-tax without doing anything?

That's actually possible. If you have $100,000 to invest, you can buy the following three stocks and earn big, stable dividends. The average dividend yield of this portfolio is 5.83% if you invest an equal amount in the three stocks (that is, about $333,333).

So, if you buy these stocks in a TFSA, you'll earn about $5,830 a year, or about $485 a month, in dividends net of taxes. Let's look at the three stocks more closely.

NFI Group

NFI Group (TSX:NFI) is one of the leading independent bus and motor coaches manufacturers in the world. NFI operates 50 facilities in 10 different countries and is recognized to be a top employer.

NFI isn't what you could call an exciting company. But boring companies can be interesting for their dividends. Indeed, NFI pays a quarterly dividend of $0.425 per share, for a lofty dividend yield of 6.5%.

The bus company has a sustainable history of dividends. It has regularly increased its dividend and has hiked it by more than 20% on average annually over the last five years.

Revenue is expected to grow by 12% next year, from $2.93 billion to $3.28 billion. EPS is estimated to rise by 31.4.%, from $1.59 to $2.09 per share. The stock is cheap, with a forward P/E of only 12.5. The stock has plunged about 20% over one year, but it looks like a good buy on the dip.

Enbridge

Enbridge (TSX: ENB)(NYSE:ENB) currently operates the longest pipeline in North America. In 2017, the company merged with Spectra to create an energy infrastructure company.

About two-thirds of Enbridge's profits come from the distribution of oil sands while the other third comes from the transportation of natural gas.

The quarterly dividend is currently $0.738 per share, or $2.95 annually, for a yield of 5.8%. Enbridge has been raising its dividend for 25 consecutive years.

Its five-year dividend growth rate is greater than 16%. The company will increase its dividend by 9.8% in March 2020.

Revenue is expected to grow by 0.3% next year, from $49.91 billion to $50.04 billion. EPS is estimated to decrease by 1.1%, from $2.67 to $2.64 per share. Enbridge's stock has risen by more than 25% year to date and has a forward P/E of 19.2.

Exchange Income Corporation

Exchange Income (TSX: EIF) provides services and equipment to companies in the aerospace industry and offers a wide variety of services.

The company relies heavily on acquisitions to stimulate growth, 11 of which have been made in the past 10 years. Because of its diverse portfolio of services, it should be able to withstand difficult economic climates.

Exchange Income has been paying a dividend for the past eight years. Its five-year dividend growth rate is 5%. The company is currently paying a 5.2% dividend. What is also interesting is that dividends are paid on a monthly basis.

Revenue is expected to rise by 3% next year, from $1.34 billion to $1.51 billion. EPS is estimated to increase by 18.2%, from $2.86 to $3.38 per share. The stock has soared more than 60% year to date and is still cheap, with a forward P/E of only 13.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:EIF (Exchange Income Corporation)
3. TSX:ENB (Enbridge Inc.)
4. TSX:NFI (NFI Group)

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sbchateauneuf