This Dividend Stock Is a Must-Own for CPP Pensioners!

Description

Are you a pensioner relying on CPP payments to cover your monthly living expenses?

If so, it's crucial that you establish an income stream to supplement what you're getting from CPP.

In 2019, the average monthly CPP payment was just $679 a month, while the maximum was just slightly over $1,000.

That's not a lot to live on. Fortunately, with a portfolio of high-yield dividend stocks, you can supplement your CPP payments without having to draw on your savings. In this article, I'll explore one dividend stock with a yield so high that you don't even need much capital invested to generate a significant income stream.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is Canada's largest pipeline company. It ships crude oil and LNG across North America, with shipments totalling over three million barrels each and every single day. That makes it the largest petrochemical transportation company in the entire continent by volume of goods shipped.

Over the past several years, Enbridge has grown dramatically, with net income increasing from $250 million in 2015 to $2.8 billion in 2018. Pretty soon, the company will be releasing its earnings for 2019, and they're likely to have increased dramatically yet again, as Q3 *alone* saw $949 million in net income and $3.1 billion in adjusted EBITDA.

High growth and high income in one package

Generally, it's rare to find both growth and income in a single stock.

While some growth stocks pay dividends, the increase in the share price usually drives the dividend yield lower.

This is not so with Enbridge.

Even with the above-mentioned stellar growth metrics, the stock has a 6.3% yield, which means you'll get $6,300 in dividends for each $100,000 invested. The stock's average annual dividend increase over the past five years has also been very high, at 17% a year. So, you could see that yield rise over time.

Now, when I describe Enbridge as a "growth stock," I mean simply that the *underlying business* has been growing dramatically. The stock itself largely hasn't followed suit, having actually fallen over the last five years. This is part of why the yield is so high. However, share prices have a way of following earnings trends sooner or later.

And regardless, the fact that ENB shares aren't keeping pace with Enbridge, the company, doesn't change the fact that this stock is an income juggernaut.

Two exciting upcoming projects

A final point worth mentioning about Enbridge is that it has two projects in the pipeline (pun intended) that could take its earnings even higher.

The Line III replacement is an infrastructure upgrade that will increase transportation capacity by replacing existing 34-inch pipe with new 36-inch pipe.

The Line V tunnel is a new tunnel in an existing system that will also increase transportation capacity.

Both projects have faced legal and regulatory pushback but now appear to be gaining momentum, with many of the required approvals falling into place.

It will be years before either of these projects are operational, but when they are, the impact on Enbridge's bottom line will be substantial.

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