$5,000 in This Dividend Stock Will Earn You $65 Every 3 Months

Description

For many investors, $5,000 is not an amount that they can consider substantial enough as a contribution towards their long-term savings goals. When you have an extra $5,000 in your account, you might think of some ways to spend that money, because investing it might not seem too profitable.

You might get an idea for a vacation, perhaps a down payment on a new car, or some cool new gadget. I think you can put that extra $5,000 to excellent use and make more money off it.

Invest the extra cash

Investing that amount in a stock that delivers dividends every quarter can help you get some more money into your account. If you use the amount to purchase shares of the stock and hold it in your Tax-Free Savings Account (TFSA), the dividends you earn will accumulate in your account free of income tax.

Investing in a quarterly dividend-paying stock will add more free cash to your account that you can use for several purposes. Perhaps you can use the income to help you pay your bills. You can even accumulate the dividend income to build a secondary retirement fund in the long run.

The possibilities are endless. So, how *can* you put that $5,000 to good use? Let's discuss this.

A high-yield banking stock

I am going to discuss **Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM) stock. It is a reliable stock of a financial institution that has a history of providing excellent returns to its shareholders.

As we cross the midway point in the second month of the new decade, the Q1 of fiscal 2020 for Canada's top banks will be released soon. The S&P/TSX Composite Index is at all-time highs in the past few months. Surprisingly, many of Canada's top financial institutions have failed to gain significant momentum in recent months.

Markets are suffering from volatility due to several factors. The coronavirus, decline in oil prices, and the stagnant trade war between the U.S. and China has had an effect on the stock market. The CIBC stock dropped more than 11% from February 2019 to August 2019. It gained more than 17% from August 2019 to November 2019.

At writing, the stock is trading for $110.07 per share, down by around 5% from its 52-week high at the end of November 2019. The stock's dividend yield is 5.23%. Investors can expect to see its first-quarter earnings report later this month.

The bank has pledged to work on its mortgage lending this year. It is the best-performing bank among its peers and has carried a decent balance sheet into this decade. At writing, the shares are trading for a discount.

Foolish takeaway

Investing $5,000 in the stock can see an extra $65 added to your TFSA after every three months as the bank pays out its dividends. CIBC is a trustworthy bank that is performing well compared to the other financial institutions in Canada's Big Six.

I think using that extra cash to invest in a stock like CIBC to help make more money can be a much better long-term investment compared to spending it on anything else.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. TSX:CM (Canadian Imperial Bank of Commerce)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Bank Stocks
2. Dividend Stocks
3. Investing

Tags

1. Editor's Choice

Date
2025/09/06
Date Created
2020/02/17
Author
adamothman