Passive Income Investors: These 3 Stocks Pay Up to 8%

Description

I'm a believer that everyone should try to diversify their income to become less dependent on any one source of income. While no one wants to think about potentially losing their job or having a life event occur that requires additional income, those are just a couple of examples of where having an additional stream of cash flow can help.

And while dividend income likely won't help replace your day job, it can help supplement your income and help fill in gaps along the way. A great way to inject a lot of cash flow is with some quality dividend stocks. The three listed below all pay more than 5% in dividends:

Riocan Real Estate Investment Trust (TSX:REI.UN) is a solid buy-and-forget dividend stock that you can stuff in your portfolio and just watch the cash roll in.

Riocan currently pays its investors a dividend yield of over 5.2%. It's a good, steady dividend paid out in monthly installments that can provide you with a great source of recurring cash flow you can use to pay bills or pad your savings.

With more than 200 properties and 39 million square feet of leasable square feet, it's one of the largest real estate investment trusts (REITs) in the entire country.

Although many of its properties focus on retail, the company is also has mixed-use properties and is open to some innovative ways to try to combat some of the challenges in the retail industry.

Trading at just 11 times its earnings and right around book value, investors who buy the stock today are getting it for a pretty good price.

Gamehost Inc (TSX:GH) is a higher-yielding stock that currently pays 8.1% in dividends annually. Similar to Riocan, the payouts are also made on a monthly basis.

Investors are, however, taking on a bit more risk with a yield this high, as the company's free cash flow has barely been sufficient to cover its dividend payments. If the numbers don't get stronger, the company may look for a bit more breathing room by reducing its dividend.

Gamehost is based in Alberta and the company has been generating strong profit margins of more than 20%. However, if that starts to decline or sales worsen, it could lead to problems.

The company hasn't shown much growth and investors who are investing in the stock need to understand the risks involved. The good news is that Gamehost still looks to be in good shape today, albeit it's a stock that investors will want to keep a close eye one.

Enbridge Inc (TSX:ENB)(NYSE:ENB) also has exposure to Alberta, but the oil and gas company is much larger than Gamehost and its financials are in better shape. In 2019, the company reported a profit of $5.7 billion, nearly double the $2.9 billion that Enbridge earned in the previous year.

The company recently hiked its dividend payments from $0.738 to $0.81, for an increase of 9.8%. Its stock is now yielding a dividend of 5.8% per year.

Shares have Enbridge are up more than 20% over the past six months; otherwise, the yield would be even higher. The company received some great news in February that its Line 3 pipeline replacement project can go through as it finally got the green light from regulators in Minnesota.

Regulatory challenges on pipelines are one of the reasons investors have been hesitant to invest in Enbridge — a good development that makes the stock a good buy not only for its dividend, but also for the capital gains investors can earn from owning the shares, as the stock is likely going to continue appreciating in value.

CATEGORY

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TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:GH (Gamehost)
4. TSX:REI.UN (RioCan Real Estate Investment Trust)

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