Dividend Deal: Make $527 in Monthly Passive Income

Description

If there's one thing Canadians need right now, it's money. While it's deceptively simple to say you should be investing in hopes that your investment will bring in cash in a year or so, it doesn't really help you right now.

In fact, three out of five Canadians right now are struggling financially due to the pandemic and market crash. This means dividends are being seen as the best defensive tool in this insane world we're living in.

Dividends can bring in cash every year, quarter or even every month. That cash can be set aside for a rainy day, but if you're one of those 57% of Canadians needing the money, those dividends can also be used for your family.

Groceries, healthcare products, bills, mortgage payments, all of these items need to be paid for. This makes dividends your best friend right now.

But before you go searching for a list of high dividend yields, a word of warning. You want a stock that can keep up payments, as well as one that has a strong future ahead. Those dividends are paid out by the company — one that needs to keep bringing in cash so it can support your dividend payments.

That's why today I'm highly recommending investors look into **Pembina Pipeline Ltd.** (TSX:PPL)(NYSE:PBA).

A dividend king

Pembina is ideal for investors looking for a high-quality stock with killer dividends to boot. The company currently offers a whopping 8.82% dividend yield of $2.52 per share per year. But the kicker is that dividend is given out each month, coming out to $0.21 per share per month.

While that might seem like small potatoes, let's take a look at some other numbers. First of all, the company has grown its dividend yield by 96% in the last decade, which comes out to an average of to

9.6% per year. That's a solid timeline of stable payments and increases for investors to sink their teach into.

A bright future

It takes more than today's numbers to keep a company going, which is why I'm recommending this as a great long-term hold as well. Pembina is a pipeline company that has been unfairly bogged down by the oil and gas crisis along with the market crash. While the stock is down 94% as of writing from its peak performance this year, investors are missing a key element here.

Pipelines ship oil; the companies don't produce it, which means that pipelines are the *solution* to the current problem of the oil glut, not the problem. Pembina alone has $5.6 billion in secured expansion projects for its own pipelines. Once complete, investors an expect these stock prices to soar.

Meanwhile, the company is stabilized by long-term contracts that will keep cash coming in for decades. That keeps your dividend investment completely secure now and decades from now.

Monthly income awaits

Let's say you were to use your Tax-Free Savings Account (TFSA) contribution room of $69,500 towars Pembina. That would bring in 2,513 shares, meaning you could bring in $6,332.76 of annual income just from dividends alone! That comes out to $527.73 each and every month.

Even better, if analysts are right, then that investment could become $85,442 when it reaches fair value, and $155,806 in only a year's time.

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