Investing $25,000 Into This 1 Stock Can Earn You $100/Month in Dividends

Description

If you're looking for a way to boost your cash flow, dividend stocks are a good way to accomplish that. However, many stocks that pay dividends do so on a quarterly basis. That may not line up well with your cash flow needs, and getting paid on a monthly basis may be preferable.

The good news is there are stocks that pay on a monthly basis. One in particular that looks like an attractive buy today is **Shaw Communications** (TSX:SJR.B)(NYSE:SJR).

Currently, Shaw pays a monthly dividend of $0.09875. On an annual basis, that's good for an annual yield of about 5.2% per year. It's a solid payout and it's probably one of the safer ones out there. If you were to invest $25,000 into Shaw today, you'd earn a dividend totalling $1,300 annually.

With the company making payments every month, that means you'd get paid more than $108 every month. If you've got room inside of a Tax-Free Savings Account (TFSA) to make this investment, then that could also be income that you don't have to pay any taxes on.

It's rare to find monthly dividend stocks that aren't real estate investment trusts (REITs), which is why Shaw stands out among its peers. Not only does it pay a high dividend, but its payments are also more frequent than most and it's a great way to diversify outside of just REITs.

The stock could be a solid buy during the COVID-19 pandemic

While there are many stocks investors should avoid during the pandemic, Shaw isn't one of them. The company offers mobile and internet services, and demand should remain strong even during these difficult times.

In an update released in April, The telecom company said that it was seeing increased traffic on its network during the COVID-19 pandemic. But the company hasn't come away completely unscathed. Shaw has temporarily laid off 10% of its staff, those working in retail and sales.

While it may see less sales growth this year, Shaw's not a stock that normally sees a lot of change in its revenue; in its most recent quarter, the company reported sales growth of just 3.6% from the prior-year period.

Bottom line

Shares of Shaw are down around 14% in 2020 and now's a great time to buy the stock, as it gives dividend investors the opportunity to lock-in a better yield than normal. The stock trades at a very reasonable 16 times its earnings and less than two times its book value.

It's a good value investment, and with a monthly dividend, it's an attractive buy that can help a variety of investors grow their portfolios.

Whether you're a dividend investor or just looking for a stock to help you ride out the pandemic without incurring significant losses, Shaw's a solid pick that stands among the leaders in the industry. While there may be limited growth for now, the company still has lots of potential, particularly with its Freedom Mobile brand.

With so much uncertainty in the economy and many businesses unable to operate at full capacity, Shaw's stock can help offer some much-needed stability to any portfolio.

CATEGORY

1. Investing

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Date
2025/08/23
Date Created
2020/05/09
Author
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