



\$1,000 in This Stock Will Create a Passive Income Machine

Description

Enbridge Inc ([TSX:ENB](#))([NYSE:ENB](#)) stock is a passive income machine. This company has paid a rising dividend for decades, and long-term shareholders have reaped the [rewards](#). If you want to generate passive income without lifting a finger, this stock is for you.

But there's even better news: Enbridge stock is now on [sale](#), yet the dividend has remained the same, which means its passive income potential is *even higher*.

For every \$1,000 you invest, you'll receive \$76 in annual income. While that may not seem like much, it's just the start. Through regular investing, you can harness the power of this passive income machine.

Want to get started? Here's how.

The math is simple

All investing is a numbers game. Yes, you need to find the right stocks, but above all, you need consistency. Building a passive income machine requires not just one investment, but dozens over a long period. Only then can you benefit from the power of compound interest.

As mentioned, \$1,000 in Enbridge stock today will generate a 7.6% annual dividend. That equates to \$76 per year. But let's assume you reinvest those earnings and add an additional \$1,000 each year. After 40 years, you'll have \$250,000. At the current dividend rate, that'll produce a passive income stream of nearly \$20,000 every year.

But what if you don't want to wait 40 years? If you want to shorten the time it takes to build a passive income stream, you'll have to up your contributions.

To accumulate \$250,000 and thus generate \$20,000 in passive income, you'll have to stash away \$5,000 every year. That's a generous sum, but within reach for many Canadians. It breaks down to just \$416 per month, roughly \$100 each week.

Build a passive income machine

Whatever math you go with, know that Enbridge is your best option. Its 7.6% dividend is not only *triple* the rate of the overall market, but it's also more reliable. That's because this company owns a quasi-monopoly that throws off regular cash flow, most of which is redirected back into shareholder's pockets.

As the largest pipeline operator in North America, Enbridge holds a ton of power over its customers. Oil and gas producers need to get their output to refineries, and eventually, to market. Pipelines are the fastest, cheapest, safest way to do this. In some instances, they're the *only* way to transport the production.

All of this means that fossil fuel producers will fight to the death to secure pipeline capacity, giving Enbridge impressive pricing power. It's able to charge customers on volumes, not commodity prices, insulating it from market volatility.

The most expensive part of owning a pipeline is the initial construction, after which the business generates huge levels of cash flow. Long-term shareholders can harness this cash flow to create their own passive income machines.

Enbridge is the perfect stock for passive income, but it's up to you to start building it. That means regularly contributing capital on a monthly or annual basis. Your passive income machine will be tiny at first, but reinvesting the dividends will greatly shorten the time it takes to reach your goal.

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