3 Dividend Stocks for $3,533 in Annual Income

Description

You know what you need right now? Cash. Consistent cash. Like an extra pay cheque. A pay cheque that likely comes every quarter like clockwork. That's what you get when you buy up dividend stocks.

Dividend stocks can be your best defense in an economy like the one we're dealing with today. With a market crash behind us, analysts now predict that there are further bumps down the road.

To help even out the playing field, dividends provide you with quarterly payments no matter how the stock is performing. So let's look at three great options to bring in annual passive income.

CIBC

The **Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM) might have a few tough years ahead. The bank is the most exposed to the Canadian housing industry, so the housing crisis continues returns could slump for CIBC.

The bank is also mainly exposed to the Canadian economy. Thus, while other banks will see a rebound thanks to exposure to the United States, it might take a bit longer for CIBC.

However, for long-term holders seeking dividends, CIBC is the perfect choice. The bank is one of the Big Six Banks, and during the last recession these banks performed as some of the best in the world. Within a year, each had rebounded to pre-crash prices, which makes today's share price of about $95 as of writing a steal.

Added to that is CIBC super high dividend yield of 6.44% and you've got the perfect long-term dividend stock. For the last five years, the bank has increased the yield by an average of 5.6% per year.

Enbridge

The top choice for investors seeking dividends in the energy sector has to be **Enbridge Inc.** (TSX:ENB

)(NYSE:ENB). Enbridge might be classified as an energy company, but it’s really in the pipeline business. That means it’s the solution to the current glut of gas and oil needing exporting.

The company has been working on its growth projects that should be completed in the next few years, providing a solution to the problem.

That makes now a crazy deal for those seeking dividend income. The stock provides a 7.19% dividend yield as of writing and expects to continue to raise the yield over the next several years. For the last five years, the company has increased the yield by an average of 14.8% per year.

CNR

Finally we have the **Canadian National Railway Co.** (TSX:CNR), part of a duopoly of the Canadian railway market. The company is currently in a transition, reinvesting in its infrastructure to come out strong the other end.

While the company might not be the strongest right now due to the downturn, it should see a significant turnaround similar to its peers.

That makes its dividend of 1.96% a strong temptation to buy right now. Investors should see huge share growth coupled with dividend growth for years to come. For the last five years, the company has increased the yield by an average of 16.8% per year.

Bottom line

If you were to use your current Tax-Free Savings Account (TFSA) contribution room of $69,500 and give each of these stocks an equal share, two things would happen.

First, you would have a diversified portfolio with strong stocks that should continue to rise for decades to come. Second, you would bring in an annual passive income of $3,532.86 for the rest of your life.

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TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:CM (Canadian Imperial Bank of Commerce)
4. TSX:CNR (Canadian National Railway Company)
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