Forget the CERB — Make $2,000/Month by Doing This!

Description

The Government of Canada and the Canada Revenue Agency (CRA) have announced a slew of measures to help Canadians who have been impacted due the COVID-19 pandemic. One such measure is the Canada Emergency Response Benefit (CERB). The CERB offers a monthly payout of $2,000 to Canadians eligible for the benefit.

Canada's unemployment rate has risen from less than 6% in February to almost 14% in May. While businesses have been shut, there has also been a drastic fall in consumer demand, which means the CERB will help millions of Canadians tide over uncertain times in the next few months.

However, the CERB is a temporary taxable benefit. These payments are unlikely be extended beyond the intended maximum period of 16 weeks.

The dreaded coronavirus has wreaked havoc on global economies and has shown us the importance of having a recurring or secondary income stream. In case you've been working for a few years and managed to save a meaningful amount over time, you can look to buy dividend-paying stocks right now.

Dividend stocks can help create a steady stream of income which can then be reinvested to generate multi-fold returns. The current market weakness has meant that investors stand to benefit from capital appreciation as well. Below are a few Canadian companies with attractive dividend yields for you to consider.

Canada's Big Five banks

Canadians can look to invest in the country's largest banks that have experienced a sell-off this year. The rising unemployment rates have increased the risk of mortgage and other defaults driving share prices lower. Let's take a look at the dividend yields of the largest Canadian banks.

Royal Bank of Canada: 4.5%

Toronto-Dominion Bank: 4.9%

Bank of Nova Scotia: 6%

Canadian Imperial Bank of Commerce: 6%

Bank of Montreal: 5.6%

Canada's energy pipeline stocks

Another sector that has experienced a major sell-off in 2020 is the energy sector. Low oil prices due to oversupply and lower than expected demand has sent stocks spiralling downwards. As lockdown measures are expected to ease, however, energy demand should increase and there's a good chance oil stocks might rally.

Investors can look to invest in the below pipeline stocks that do not produce oil but just transports the commodity. These companies have a contracted business model that make them almost immune to commodity price fluctuations.

Enbridge Inc: 7.2%

TC Energy: 5.1%

Pembina Pipeline: 6.8%

Canada's telecom stocks

Another industry that Canadians can consider is the telecom sector, a mature and recession-proof industry. In an economic slowdown, people will cut non-essential expenditure but are unlikely to stop paying their mobile and internet bills.

You can invest in telecom giants such as **Telus** and **BCE Inc. with** forward yields of 4.7% and 5.6%, respectively.

The Foolish takeaway

The average dividend yield for the 10 stocks stands at 5.6%, which means that if you invest $43,000 in each of these companies, you can generate a total of $24,000 a year in dividend income. In short, you can replicate the CERB payout of $2,000 per month forever by investing in top-quality dividend stocks.

There is a good chance that these large-cap companies will increase dividends over the upcoming decade, which means long-term investors can generate well over $2,000 per month in passive income going forward.

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araghunath