



1,400,000 Canadians Still Out of Work: How to Increase Your Income Now Without Working

Description

According to [Statistics Canada](#), between February and April, 5.5 million Canadians lost their jobs due to the economic shutdown. Thanks to the re-opening from lockdowns, Canada added 1,243,000 jobs between May and June. However, that still leaves 1.4 million out of work from pre-COVID levels.

Additionally, for the 953,000 jobs added in June, nearly half were part-time work, which is not enough to make ends meet.

If you're not making enough money, you can increase your investment income immediately.

Here's what you can do to boost your income now if you have some savings down your belt — buy solid dividend stocks. It's even better if you have room in your Tax-Free Savings Account (TFSA) to invest for tax-free passive income.

The businesses of **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) and **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) are resilient to COVID-19 disruptions because they provide essential services. By owning a piece of the companies, shareholders can earn nice dividends every quarter.

TC Energy offers a 5.7% yield

From 2002 to 2019, TC Energy delivered annualized returns of about 9.4%. Today, the dividend stock is undervalued due to the market selloff. So, it should be able to deliver even greater returns over the next few years.

Notably, TC Energy has a \$99-billion portfolio of energy infrastructure assets to keep paying its handsome dividend that yields 5.7%.

Today, it owns one of the largest natural gas pipeline networks in North America that spans 93,300 kilometres. Moreover, it has 653 billion cubic feet of storage capacity that caters to 25% of the continent's demand.

TC Energy's liquids pipeline system stretches 4,900 kilometres. Its Keystone pipeline essentially transports 20% of the exports in western Canada. Additionally, it has a power generation portfolio that is primarily underpinned by long-term contracts.

The year 2020 marks TC Energy's 20th consecutive year of dividend increases. It's willing to continue increasing its dividend by about 9% next year and roughly 6% thereafter. This means investors are looking at an estimated long-term total return of about 11% *without* accounting for valuation expansion.

Essentially, TC Energy is the type of business that you can buy and hold for passive income. Based on a 6% growth rate, your income from an investment today can double in about 12 years!

Algonquin offers a 4.9% yield

From 2010 to 2019, Algonquin generated total returns of approximately 18.8% per year. The utility and power company has grown its scale substantially during that period into a US\$11-billion company.

The utility provides rate-regulated natural gas, water, and electricity generation, transmission and distribution utility services to roughly 805,000 connections in the United States and Canada.

This is complemented by a largely long-term contracted renewable energy portfolio with an installed capacity of more than 2GW. It sources renewable energy from wind, solar, and hydro power. Consequently, its earnings have remained resilient through the pandemic.

The dividend stock has retreated 20% from this year's high. Now, it's a buy-the-dip opportunity to get a yield of close to 5% from a stable utility for above-average returns [from the space](#).

Algonquin has increased its dividend every year since 2010. Notably, it started paying a U.S. dollar-denominated dividend in 2014 and began reporting its financial results in U.S. dollars in 2018 to better align with its business.

It provides regulated utility services to 13 states in the U.S. and one Canadian province. Its three-year dividend growth rate is 10%.

Based on the company's midpoint adjusted earnings-per-share guidance, Algonquin's payout ratio would be about 92% this year. This is on the high end even for a utility. Therefore, it'll likely slow its dividend growth to about 6% per year going forward.

The dividend stock is reasonably valued today. Similar to TC Energy, it can deliver long-term returns of about 11% per year.

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TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:TRP (Tc Energy)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
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Author

kayng

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