Canada Revenue Agency: Complement CERB With Big Dividend Income

Description

The Canada Revenue Agency's Canada Emergency Response Benefit (CERB) of $2,000 a month is tremendously helpful in today's crisis. You can also complement the CERB money with big dividend income to boost your overall income.

Here are a couple of big dividend stocks that you can consider buying to increase your income immediately.

Capital Power

Capital Power (TSX:CPX) is a Canadian Dividend Aristocrat that just increased its dividend this quarter. The hike marks its seventh consecutive year of dividend growth.

The utility stock's new quarterly dividend is $0.5125 per share or an annualized payout of $2.05 per share. Capital Power stock is still good for a yield of 6.85%, despite it having appreciated about 11% since late July, as the company continues to perform.

Another piece of good news that contributed to the pop was yesterday's announcement of a 10-year extension to a tolling agreement for its natural gas facility in Alabama that sells capacity and energy to an A-rated credit rating entity in the Decatur region. This will result in higher adjusted EBITDA for the first three years of the extension.

Because Capital Power is a relatively small utility with a market cap of $3.1 billion and an enterprise value of about $7 billion, any incremental cash flow makes a big impact.

Analysts have a 12-month average price target of $33.50 per share on Capital Power, which represents near-term upside potential of 12%. So, the income stock remains reasonably valued for purchasing.

The stock seems to be on the verge of breaking out. If it stays above $30 over the next week or so, there's a good chance it would head to the $33 level over the next six to 12 months. If the utility continues to execute, it can reach the $40 level in a couple of years!

Of course, dividend increases will also follow. Management aims for an increase of 7% in 2021 and 5% in 2022.

Brookfield Property Partners

Analysts think **Brookfield Property Partners** (TSX:BPY.UN)(NASDAQ:BPY) has a base price of US$12 per unit. That's not surprising given that recently, the company offered to buy back US$890 million worth of shares from unitholders at that exact price.

Seeing that the company has a track record of long-term double-digit returns and employs a value-investing approach in quality assets, it's more likely that the units are worth much more.

Analysts have an average 12-month price target of US$15.20 on BPY, which represents near-term upside of 31%.

At US$11.56 per share, BPY provides a mouth-watering yield of 11.5%. The high-yield stock is currently weighed down by the COVID-19 disruption across its retail properties, which are largely class A malls.

In a normal market, these malls are populated with higher-end tenants and consequently have lower vacancy rates and industry-leading rents.

Unfortunately, we're in a recession. But BPY has a strong financial position and the liquidity to weather the downturn.

Investors with an investment horizon of three to five years should generate outsized returns while collecting a big passive income, assuming the economy normalizes.

The Foolish takeaway

At current levels, Capital Power and Brookfield Property offer good value and nice income. This should result in returns that complement CERB income.

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