Here's How Much Dividend Income You Can Earn From That $2,000/Month CERB Payment

Description

The Canada Emergency Response Benefit (CERB) provides recipients with monthly payments of $2,000. And while you're probably not going to use all of that money to invest in dividend stocks, I'm going to show you how even a modest investment of $2,000 can generate some good recurring cash flow for you and how much you could expect to realistically earn from a dividend stock. Below are three different scenarios, ranging in risk and yield.

The low-risk utility stock

Hydro One (TSX:H) is an Ontario-based utility company that used to be provincially owned. It's been public since 2015, and the provincial government is still a near-majority stake in the business. Hydro One is the closest thing to investing in the government, and so you know that at a minimum, it's a conservative investment. The provincial government even derailed an acquisition attempt by Hydro One a few years ago that would've seen the company expand into the U.S.

The business itself is safe, however, with Hydro One reporting just one net loss in its last 10 quarters. And it typically earns a profit margin of at least 10%.

Currently, the company pays a quarterly dividend of $0.2536, which today yields 3.6% per year. A $2,000 investment into this stock would generate just $72 a year in dividends ever year. But remember, this is with taking on minimal risk. And in future years, your dividend income could rise.

The company hiked its payouts earlier this year by 5%. Previously, shareholders were earning $0.2415 per share every quarter. With a 5% increase, the dividend income would inch up to $75.60 a year from now should Hydro One raise its payouts by a similar percentage next year.

The defensive stock

Rogers Sugar (TSX:RSI) isn't a terribly risky stock, but it also carries more risk than Hydro One. It's an attractive buy because it sells a variety of food products, including maple syrup and sugar, which minimizes the chance that consumers and businesses are going to stop buying their products in tough economic conditions. They're essential products that make Rogers Sugar a fairly stable investment. However, amid the COVID-19 pandemic and businesses closing down, it also isn't immune to declines in demand, either.

Unlike Hydro One, Rogers hasn't increased its dividend in recent years. But with quarterly payments of $0.09, the stock is currently yielding a dividend of 7.4%. On that same $2,000 investment you could now be earning just under $150 per year, or $37 every quarter.

The risky REIT

Slate Office REIT (TSX:SOT.UN) is a real estate investment trust (REIT) that has assets in Canada and the United States. An office-focused REIT doesn't sound like the safest investment to hold in your portfolio if you're a long-term investor.

The pandemic could change what downtown cores look like in the future if remote work becomes the norm for many businesses. That could leave office REITs vulnerable if there's not enough demand for office spaces. Slate Office states that government and credit-rated tenants account for 61% of its portfolio. However, that's still a sizeable chunk of its tenants that don't fall into either one of those categories. This is a risky stock, and the dividend could be in danger if earnings suffer.

Today, the stock pays a monthly dividend of $0.0333. That's $0.40 per year and about 10.4% of the stock's current price. On that high of a payout, investors would be earning $208 per year on a $2,000 investment, which would equate to monthly payments of $17.33. It's a larger dividend than Rogers, but it also comes with much greater risk.

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2. TSX:RPR.UN (Ravelin Properties REIT)
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djagielski