



## Turn Your CERB Extension Into a Lasting Income Stream!

### Description

The CERB is being extended in [different forms](#) through EI, CRB, CRSB, and CRCB programs. However, these programs won't pay you income forever. Thankfully, there's a way for you to turn your CERB extension and savings into a lasting income stream.

### Turn your CERB extension into an income stream

The CERB extension options provide \$500 a week. How much income can you generate from investing \$500 a week in blue-chip dividend stocks?

From the safe dividend stocks discussed in this article, you can get an average dividend yield of about 6.5% from **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) and **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)).

Investing \$500 a week (or \$26,000 a year) will earn \$1,690 of income for a full year of contribution from a 6.5% yield.

Many Canadians are using the CERB as relief money. What if you can only invest \$500 a month? That equates to \$6,000 a year or exactly the TFSA limit for this year. Investing \$6,000 for a 6.5% yield earns \$390 of income a year.

The important thing is to get started in earning passive income. Once you do so and get used to the routine of saving and investing, your passive income will only grow from there!

### Find income stocks with durable profits

By investing in dividend stocks with durable profits, you can rely on the passive income generated.

The economic disruptions from the pandemic dampened the demand for energy. As a result, many oil and gas producers are struggling to survive. The impact has been much milder on energy infrastructure companies like Enbridge and **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) whose cash flows

remain stable.

Because their share prices are depressed and they maintained their quarterly dividends, they now provide elevated dividend yields and are excellent income investments.

Year to date, Enbridge stock declined 25%. At writing, at \$38.60 per share, the stock trades at an attractive valuation — below 15 times earnings, while its earnings are expected to remain resilient this year. The stock yields about 8.4% and has approximately 35% near-term upside potential.

Enbridge's peer, TC Energy, fell 19%. Currently, at \$55.91 per share, the stock trades at about 13.5 times earnings. It yields 5.8%. According to the average 12-month price target of analysts, TC Energy stock has 29% near-term upside potential.

Both stocks are Canadian Dividend Aristocrats with at least 19 consecutive years of dividend increases. Going forward, it's likely that both will continue increasing their dividends at a pace that's faster than inflation.

## Aim to buy dividend stocks when they're discounted

Other than Enbridge and TC Energy, other blue-chip dividend stocks are also trading at discounts. The big Canadian banks like RBC fall in this category.

Buying dividend stocks at a discount provides multiple benefits for investors. First, you receive a bigger income from an investment. Second, you should also experience greater long-term price appreciation. A part of the gains will come from business growth. Another part will come from valuation expansion to the mean.

Similar to the other big Canadian banks, RBC stock is having its earnings shaved off this year due to a rise in bad loans from a challenging operating environment for businesses that have been negatively impacted by the pandemic. However, elevated credit losses will be a temporary phenomenon. As the economy improves, RBC's earnings will also recover and surpass its previous heights.

At writing, at \$94.27 per share, RBC stock yields 4.6%. The stock can appreciate about 25% over the next couple of years.

## The Foolish takeaway

This year's economic disruption is a good time to buy blue-chip dividend stocks like Enbridge and RBC [stocks for income at a discount](#). If you have some savings or CERB extension money that you can spare, consider investing some for a long-lasting passive-income stream.

### CATEGORY

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2. Coronavirus
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4. Energy Stocks
5. Investing

6. Stocks for Beginners

## POST TAG

1. Editor's Choice

## TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:RY (Royal Bank of Canada)
3. NYSE:TRP (Tc Energy)
4. TSX:ENB (Enbridge Inc.)
5. TSX:RY (Royal Bank of Canada)
6. TSX:TRP (TC Energy Corporation)

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