Put Your Idle Cash to Work — Earn Passive Income of $2,128/Year

Description

Having a passive income stream is a valuable lifeline, especially amid challenging times like the one we are facing in 2020. Besides, a regular passive income can help accumulate a significant amount of wealth over time if allocated well.

So if you have some idle cash in hand and don't need it for any emergency use, put your money in dividend stocks that offer a safe and high yield. The regular dividend income will give you the much-needed buffer, while appreciation in stock price could result in strong capital gains.

Here we'll focus on three **TSX** stocks with a long history of dividend payments and have the potential to raise their future dividends consistently.

A 8.0% dividend yield

Enbridge (TSX:ENB)(NYSE:ENB) has one of the most consistent track records of annual dividend increases among all publicly listed Canadian companies. The energy infrastructure giant has paid dividends for over 65 years. Moreover, Enbridge's dividend has grown at a compound annual growth rate (CAGR) of 11% from 1995 to 2020.

Besides booting its shareholders' returns through higher dividend payments, Enbridge has also delivered strong capital appreciation, reflecting its solid financial performance over the past several years. While weak energy demand weighed heavily on Enbridge stock, its diversified and contracted assets generate robust distributable cash flow that drives its payouts. Further, sustained momentum in its core business and an uptick in economic activities suggest a sharp recovery in its stock in the medium term.

With a quarterly payout of $0.81 per share, Enbridge offers a high dividend yield of about 8%.

A 7.6% dividend yield

Like Enbridge, **Pembina Pipeline** (TSX:PPL)(NYSE:PBA) has also consistently boosted its shareholders' returns through higher dividend payments. Pembina's dividends have grown at a compound annual growth rate (CAGR) of 6.5% in the last five years. Besides, it has paid $4.5 billion in dividends during the same period.

Despite the significant disruption from the COVID-19 pandemic, Pembina Pipeline has uninterruptedly paid its monthly dividends, reflecting the strength of its base business and its ability to generate robust fee-based cash flows.

Pembina's business is highly contracted with agreements that reduce the negative impact of the short-term volatility in the commodity price and volume. With the economic reopening and gradual improvement in energy demand, Pembina Pipeline could recover fast and deliver strong returns. Besides, it offers a high dividend yield of 7.6%.

A 5.7% dividend yield

With a very long history of consistent dividend payments, **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS) is another top investment option to generate a steady passive income that keeps growing. As well, its stock is trading at a discount to its peers, indicating further upside in its stock.

Bank of Nova Scotia has increased its dividends in 43 of the last 45 years. Meanwhile, it has paid dividends since 1833. With the expected decline in provision for credit losses and the reopening of the economy, Bank of Nova Scotia could witness strong credit offtake and report a steep recovery in its bottom line.

Its stock is trading at a price-to-tangible book value (P/TBV) of 1.6, which is about 20% lower than the peer average. Moreover, it offers a high yield of 5.7%.

Final thoughts

All of these companies' payouts are backed by resilient cash flows and diversified businesses, implying that you could put your idle cash to work and generate steady passive income without worrying much. A $10,000 investment in each of these TSX stocks would lead to a dividend income of $2,128/year.

CATEGORY

1. Bank Stocks
2. Coronavirus
3. Dividend Stocks
4. Energy Stocks

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:PBA (Pembina Pipeline Corporation)
4. TSX:BNS (Bank Of Nova Scotia)
5. TSX:ENB (Enbridge Inc.)
6. TSX:PPL (Pembina Pipeline Corporation)

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