



Create a Passive-Income Stream During the Pandemic by Doing This

Description

One of the most sought-after life goals for Canadians is to achieve financial freedom. Generally, citizens in developed countries, including Canada, have high debt levels that do not allow them to secure their retirement.

Now, the onset of the COVID-19 pandemic has made matters worse; it has increased the personal debt of millions of Canadian residents. The country's unemployment rates have surged higher, and people without a nest egg have had to borrow money to pay for essential needs and requirements.

The dreaded coronavirus has disrupted our lives in a matter of a few months and has shown us the fickle nature of global economies. Now, you need to take matters into your own hands and ensure to create multiple revenue streams to accelerate your path towards financial freedom.

There is one way to create passive income and help you generate cash flow.

Dividend stocks are a top bet for income investors

One of the best ways to derive passive income is by holding a portfolio of high-quality and blue-chip dividend stocks. Investing in dividend stocks is quite tricky, as not every dividend-paying company has strong fundamentals.

While investing in dividend stocks, you need to look at the company's business model and its ability to generate a steady stream of cash flows across economic cycles. Ideally, you would like the company to increase dividends each year, thereby increasing your payout over time. Quality companies also provide investors with an opportunity to benefit from capital gains.

You need to ensure your dividend income keeps growing at a steady rate and at least keeps pace with inflation to help secure your financial freedom. One way is by looking at Canadian Dividend Aristocrats or companies that have increased dividends in the last five consecutive years.

Fortis stock is a Dividend Aristocrat

When it comes to investing in dividend stocks, it is impossible to ignore **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)), a company that has increased dividends for 47 consecutive years. The company recently unveiled its new five-year capital plan, announced a dividend increase in Q4, and extended its average annual dividend-growth target of 6% through 2025.

Fortis is one of [the largest utility companies](#) in Canada and has established a presence in major North American markets. Over 90% of its cash flows are regulated, allowing it to increase dividends consistently over the last five decades. Its expansion of cash-generating assets will help the company increase dividends in the next decade as well.

In the first nine months of 2020, Fortis invested \$2.9 billion in capital expenditure, which is an increase of \$300 million on a year-over-year basis. It expects CAPEX spending to touch \$4.3 billion in 2020.

Fortis also aims to reduce carbon emissions by 75% by 2035 compared to its 2019 levels. Company COO David Hutchens [said](#), "While the majority of the target will be met through generation resource changes outlined in TEP's Integrated Resource Plan, all of our utilities are developing plans to reduce their environmental footprint. By 2035, Fortis expects to have approximately 99% of its assets dedicated to energy delivery, and carbon-free generation."

Fortis stock has a forward yield of 3.8%. This means an investment of \$25,000 will help you generate \$950 in annual dividends.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

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2. TSX:FTS (Fortis Inc.)

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