



## Retirees: How Investing Regularly Can Earn \$1,300 Monthly in Passive Income

### Description

Investors focus way too much on growth and too little on dividends. Research says that total returns generated by dividend stocks are higher than growth stocks in the long term. Notably, the dividends or the passive income can help you achieve financial goals and can also make you financially independent in your sunset years.

### Passive income and long-term investing

Investing is easy, but at times people make it complicated. A disciplined investment for the long term in a quality stock substantially increases your chances of success. The power of compounding does wonders when you invest for the longer term.

For example, Canada's sixth-largest bank, **National Bank of Canada** ([TSX:NA](#)), has been a sizeable wealth creator for its shareholders in the last several years. It has delivered 15% average returns annually since 2000.

Let's say you did not have the big upfront cash to invest in this bank stock back then. But you manage to save aside and invest \$100 monthly in NA stock. You continued this drill for 20 years, irrespective of market downturns and even through times of huge gains. After investing \$24,000 through two decades, your reserve would have grown to a massive \$245,864 today.

Interestingly, this reserve would create a generous dividend based on the stock's current dividend yield. That should amount to \$9,835 annually, or \$820 monthly.

You should note that the investment will start paying dividends every quarter, or as per the frequency, since your first investment. The longer the investment duration, the bigger the reserve, and the [higher the payouts will be](#).

National Bank of Canada has consistently increased dividends, particularly after the 2008 financial crisis. It gives away almost 50% of its earnings every year in the form of shareholder payouts.

## Many dividend stocks offer a favourable risk/reward ratio

If you are looking for higher dividend payouts per month, you can consider higher-yielding stock. Top midstream energy company **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) yields almost double National Bank of Canada stock.

If you have been investing \$100 per month in ENB since 2000, you would have accumulated almost \$195,000 today. The accumulated amount is lower here, as ENB stock has underperformed NA stock in this period. However, as Enbridge yields almost 8%, the reserve would generate \$15,600 in [dividends](#) annually, or \$1,300 per month.

Enbridge has also been a consistent dividend payer stock on the TSX. It has increased payouts for the last 20 consecutive years. Unlike oil-producing energy companies, pipeline companies like Enbridge are relatively safer. Their earnings are not significantly affected by volatile oil prices.

Because of its stable operations and earnings, Enbridge will likely continue to pay reliable dividends for the future as well.

## Bottom line

Notably, these are some of the top performers and Dividend Aristocrats. Many TSX stocks have substantially underperformed broader markets all these years. Thus, it becomes highly important to consider an individual's risk and return requirements and fundamentals while picking stocks for the long term.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:NA (National Bank of Canada)

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