3 Dividend Stocks to Generate $3,000 in Passive Income

Description

Dividends stocks are one of the best ways to protect yourself during any market volatility. Investors have been especially interested lately with so much market uncertainty. But dividend stocks are a great investment no matter when you buy. That's especially true if you have a Tax-Free Savings Account (TFSA). You can then earn dividend income each quarter or even every month and take it out whenever you need it, tax free!

In today's market, you can now lock in a significant dividend yield and bring in even $3,000 per year with stocks like these three.

CIBC

I'll start with one of the best dividend stocks out there with one of the best yields right now. **Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM) is one of the Big Six banks, and any of these stocks are great to own during market volatility. While you might see a dip during a downturn, these stocks rebound within a year, and that was proven again recently during the March 2020 crash.

But you're here for the dividend yield, and the stock has the highest of the Big Six banks at 4.71%, which equals $5.84 per share per year. Sure, you'll have to pay all-time high prices, but the stock is still considered a value stock given its performance and future prospects. It currently boasts 3.4 times sales and 1.5 times book value, making it a great time to lock in this stock.

As for the dividend yield, its grown at a compound annual growth rate (CAGR) of 5.3% over the last decade. Today, you would need to invest $21,233 to bring in $1,000 in annual income.

Pembina Pipeline

The pipeline companies are another way to take advantage of rebounding industry, this time with oil and gas stocks. While the company may benefit share wise in terms of the oil and gas rebound, companies like **Pembina Pipeline** (TSX:PPL)(NYSE:PBA) aren't actually tied to those prices at all.

Instead, they're supported by long-term contracts to keep cash flowing for decades.

But the company's growth projects will definitely support future share growth. That's why today's valuations are so great for investors. Investors can lock in a 6.82% at 3.3 times sales and 1.7 times book value. That yield equates to $2.52 per share per year. So, now you can look forward to even more growth from this company both from returns and dividends.

Pembina's dividend has grown at a CAGR of 4.9% over the last decade. Today, you would need to invest $14,570 to bring in $1,000 in annual income.

Emera

Finally, for some complete security during volatile markets, it doesn't get much better than utility companies. Utility stocks like **Emera** (TSX:EMA) will see revenue come in no matter what happens in the markets. While you may not see huge jumps in share price, you won't see massive dives either. So, this is a great stock to have no matter what portfolio you want.

But as for the company's dividend, today Emera has a strong 4.5% dividend yield that equates to $2.55 per share per year. And yet again, the stock is a strong value stock at 2.6 times sales and 1.7 times book value. And investors can look forward to even more growth as the company's growth strategy is solid. Emera will simply acquire more companies, bring in more revenue, and then acquire more companies yet again.

Emera's dividend has grown at a CAGR of a whopping 7.85% over the last decade. Today, you would need to invest $22,165 to bring in $1,000 in annual income.

Foolish takeaway

Dividends can be a lifesaver when the market has been as rough as it has over the last year. By investing a total of $57,968 in your TFSA, you will have room for diverse investments, bring in stable income each year of $3,000, and take it out tax free whenever it's needed!

CATEGORY

1. Investing
2. Personal Finance

TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:CM (Canadian Imperial Bank of Commerce)
4. TSX:EMA (Emera Incorporated)
5. TSX:PPL (Pembina Pipeline Corporation)

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Author
alegatewolfe