Do You Want $400 in the Bank Month After Month?

Description

If you could receive $400 every month without fail, that would be a $4,800 yearly supplement to your existing or regular income. Canadians have a way to benefit from this arrangement by allowing their money to work. The sources are monthly income stocks. These are publicly listed companies that pay not the usual quarterly basis but monthly.

On the **Toronto Stock Exchange** (TSX), I know of 26 companies that pay monthly dividends. However, if I were to choose only one from the list, **Pembina Pipeline** (TSX:PPL)(NYSE:PBA) stands out. I can accumulate shares of the energy company to achieve my goal of getting $400 in the bank month after month.

Popular strategy

Dividend investing is a popular strategy for people who wants to augment their disposable income, build an emergency or rainy-day fund, or save for retirement. Moreover, dividends are for long-term investors. As an investor, the dividends you will receive are commensurate with your stock holdings or ownership stake in the company.

Think of your investment as a business venture. Companies reward or share their profits with people who put their money into the business through dividends. An important point to understand, however, is that dividend payments from common stocks are not guaranteed.

The board of directors approves the payment or non-payment of dividends. They also dictate the amount or decide whether to slash or stop the payments. Usually, the cut happens when the company experiences financial difficulty and needs to preserve cash or protect the balance sheet.

Not all dividend payers are reliable income sources

Not all TSX companies that pass on a portion of their earnings to shareholders are reliable sources of a second income. If you're investing for the long term, pick mature companies with stable, recurring cash flows and have established operations in their respective industries.

Your choice must have the willingness to pay dividends and the ability to sustain the payments over time. Companies with these qualities pay dividends as a demonstration of financial strength. Growth-oriented firms don't pay dividends. They instead invest more into the future growth of the business.

Three compelling reasons

Besides the monthly dividends, Pembina Pipeline is a great pick for three compelling reasons: high yield, dividend history, and an enduring business. At $38.61 per share, the energy stock pays a hefty 6.53% dividend.

If the goal is to earn $400 extra income every month, you should own at least $73,550 worth of Pembina shares at the current share price. You can start small and accumulate shares moving forward. Likewise, your capital should churn faster, because you can reinvest the dividends or buy more shares 12 times a year instead of four.

Regarding dividend history, the $21.23 billion energy infrastructure company has maintained and grown its dividend since 1998. Pembina has been operating since 1954. The full spectrum of midstream and marketing services is critical to the oil & gas midstream industry in North America. Furthermore, Pembina's long-term and extendible contracts with investment-grade counterparties make it less susceptible to or prone to volatility.

Proven reliability

Pembina Pipeline is not only fostering goodwill with its high dividend offer. The company has proven its reliability as a passive income provider. If you want more than $400 every month, invest more or keep reinvesting the dividends.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:PPL (Pembina Pipeline Corporation)

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