



New Investors: Earn \$100 a Month in Dividend Income

Description

It may be difficult to get started in investing. But once you start and get into the habit of saving and investing regularly, you can get it rolling fairly quickly. [Dividend investing](#) is one of the simplest and most straightforward ways to start investing in stocks, because you get paid dividends periodically.

Most dividend stocks pay out a dividend every three months. Others might pay every month, every half a year, or once a year. Regardless of their dividend payment schedules, the key metric you should watch for is the dividend yield.

The yield determines how much you get paid a year based on your investment amount assuming the company maintains the same dividend for the whole year.

Investors should be careful around [big-dividend stocks](#), which often offer big dividend yields for a reason. In a normal market, you can shop for safe dividend yields of 3-5%. Let's say you're starting a new dividend portfolio today. You would need to invest \$40,000 on a 3% yield to get \$1,200 in dividend income a year (or essentially \$100 a month). On a 4% yield, you'd only need to invest \$30,000. On a 5% yield, you'd to invest \$24,000.

Here are a couple of dividend stocks providing attractive yields.

TC Energy stock yields 5.4%

Because U.S. president Joe Biden cancelled the permit to build the Keystone XL project in January, **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) officially terminated the project. This could lead to a temporary dip in the stock that would push its dividend yield higher in the near term. At writing, the **TSX** stock yields 5.4%.

Notably, the company continues to have visible growth with \$20 billion of secured growth projects through 2024 and \$7 billion of projects under development.

TC Energy's network of natural gas and liquids transportation pipelines along with storage and power

generation will continue to meet the growing and changing demand for energy across the continent.

From 2016 to 2020, the dividend stock increased its comparable EBITDA by 8.9% per year, which roughly aligns with its dividend-growth rate of 9.4% in the period.

TC Energy has a 20-year dividend-growth streak and projects a dividend-growth rate of 5-7% for the time being.

BNS stock yields 4.5%

Similar to the other big Canadian banks, **Bank of Nova Scotia's** ([TSX:BNS](#))([NYSE:BNS](#)) earnings have made a big comeback from a more normalized provision for credit losses (PCL) this year.

The PCL was particularly high in fiscal 2020, as the bank set aside more capital in anticipation of a bigger portion of bad loans during the COVID-19 pandemic.

As the economy improves with global rollouts of various vaccines, the bank's earnings per share are estimated to be about 7% higher than in fiscal 2019. So, the earnings normalization is well underway.

Currently, the fairly valued bank offers a yield of close to 4.5%, which is attractive. Its 2021 payout ratio is estimated to be about 47%. Therefore, as regulators lift the ban on the dividend freeze coupled with normalized earnings growth, BNS stock would be able to resume dividend growth down the road.

The Foolish takeaway

TRP and BNS are safe dividend stocks that could boost income generation from a diversified investment portfolio that might include fixed-income investments with low interests. Interested investors should consider diversifying the stock portion of their portfolio across a basket of safe dividend stocks.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing
5. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:TRP (Tc Energy)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:TRP (TC Energy Corporation)

PARTNER-FEEDS

1. Business Insider
2. Koyfin

3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing
5. Stocks for Beginners

Date

2025/08/24

Date Created

2021/06/11

Author

kayng

default watermark

default watermark