



Passive Income: How to Easily Make \$750 Per Month

Description

According to a report from Statistics Canada, the average wages earned in the country touched a record high of \$28.02 per hour in February 2021. This figure stood at a low of \$13.73/hour back in January 1991. While the wage rate has improved over the past three decades, there is also tremendous uncertainty surrounding employees given sluggish macroeconomic conditions.

The COVID-19 pandemic drove Canada's unemployment rate higher in early 2020. The federal government had to step in and provide millions of Canadians with financial benefits to boost consumer spending and revive the economy.

However, investors should note that economic downturns will occur in the future as well, and it makes sense to create multiple income streams to provide with you a financial cushion. As spending options were limited during the pandemic, the household savings rate increased, as Canadians realized the importance of creating a nest egg.

Amid the pandemic, major stock exchanges, including the TSX, maintained an upward trajectory, as investors witnessed an astonishing snap-back rally that was unprecedented, to say the least. And it's in the stock market where you can derive a passive-income stream and supplement your employment gains.

Dividends are a powerful tool for passive income

The money you invest while buying equity instruments can work for you and can also be a game changer, especially for those nearing retirement. While pension plans can cover basic financial needs, a passive-income stream can help you lead a comfortable life in retirement. Here we take a look at how dividend-paying companies can generate a stable income stream.

Several Canadian companies pay investors a dividend. These payouts are part of a company's profits, which indicates that a firm needs to derive predictable cash flows to meet its dividend obligations.

It's important to identify companies that have a strong business model, robust financials, and a

diversified base of cash-generating assets. You can also look at companies that have easily survived past economic recessions and managed to maintain dividend payouts over time.

One such dividend stock on the TSX that can help you earn \$25/day or \$750/month in passive income is **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)). The Canadian energy giant has [increased its dividends](#) each year since 1995 at an annual rate of 10%. While most energy companies cut or suspended their dividends in 2020, Enbridge maintained its juicy payout. ENB stock is trading at \$48.27, and given its dividends of \$3.34 per share, its [yield stands at](#) a healthy 6.92%.

In order to earn \$750/month in dividends, you need to own over \$130,000 of ENB stock at its current yield. It might seem like a massive amount for investors who have just started their investment journey, but Canadians nearing retirement might have a nest egg with the required balance.

Enbridge is a midstream company, and its contract-based model makes it relatively immune to commodity prices. It's also investing heavily in renewable energy, thereby diversifying its revenue base and creating alternative income streams.

The final takeaway

The concept of passive income is simple but powerful. You need to be disciplined and systematic in order to create enough capital and then put that to use. Enbridge is just an example of a blue-chip dividend-paying stock, and you can identify similar companies to supplement your employment income and provide you with a sense of security and stability.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
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2. TSX:ENB (Enbridge Inc.)

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Date

2025/09/13

Date Created

2021/06/14

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