Boost Your Disposable Income With 1 TSX Dividend Machine

Description

The coronavirus breakout in 2020 struck fear that Canadians had to adjust to the changing environment. Apart from health, people paid more attention to finances because of the financial hardship that is to come. The anxiety level was highest in Q2 2020 when people saved 27.8% of their disposable income.

Based on the **Royal Bank of Canada** report, the household savings stockpile last year is nearly $200 billion and still rising in 2021. RBC's report adds that households will have considerable purchasing power when once the government eases restrictions.

Increased purchasing power

Canada's household savings rate fluctuated to 13.7% in Q3 2020, then to 12.7% in Q4 2020. The federal government acted swiftly by injecting sufficient liquidity, while the Bank of Canada cut its policy interest rate to historic lows. Suddenly, there was a huge forced or precautionary savings in households, according to the central bank's Deputy Governor Lawrence Schembri.

Changing attitudes and investing trends

Meanwhile, the survey results of RBC Insurance showed that one-in-three Canadians are not on track with their financial goals for retirement. However, about 66% are interested in safer investment options that guarantee income.

Another survey by Leger for Questrade revealed the changing attitudes of Canadians towards improving financial security. Most poll respondents ranked money, health, and family as their top three worries. About 50% are more likely to invest for the long term or retirement due to the pandemic's impact and uncertainties ahead.

Fortunately, people have ways to boost their disposable income further in 2021 and beyond. One strategy is to invest in a dividend machine that can deliver endless income streams.

Dividend machine

Keyera (TSX:KEY) in the energy sector is among the top investment choices of income investors. The $7.62 billion energy infrastructure company is a dividend machine. At $34.49 per share, the dividend yield is 5.57%. If you maximize your 2021 Tax-Free Savings Account (TFSA) contribution limit, your $6,000 will generate $334.20 in tax-free passive income.

Assuming the TFSA annual limit remains constant and you invest $6,000 yearly for the next 20 years, the money will compound to $222,518.24. Keyera's 57% year-to-date gain should give you the confidence to invest. Besides, the energy stock is a Dividend Aristocrat on account of its steady dividend growth since 2003.

Keyera paid out $423 million in dividends to shareholders last year, a 7% increase from 2019. The monthly payouts should be sustainable, given that it derives 70% of revenues from fee-for-service, long-term contracts. The predictable cash flows insulate the Gathering & Processing and Liquids Infrastructure businesses from commodity price exposure.

COVID-19 did not significantly impact Keyera's overall operations in Q1 2021 (quarter ended March 31, 2021) with net income increasing slightly by 0.25% versus Q1 2020. Management believes the supportive developments occurring today augurs well for the Canadian energy industry. Keyera expects the pipeline export capacities for oil and natural gas to continue expanding in 2021 and beyond.

Give your disposable income a boost

Dividend investing is a less cumbersome way to boost your disposable income. However, the choice of income stocks is crucial with this endeavor. Put your money in a company with a good track record of dividend growth to create an income stream that could last for years.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

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1. TSX:KEY (Keyera Corp.)

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