



Earn \$250 Per Month Passive Income With This 6.3% Dividend Stock

Description

Dividends are [incentives for investors](#) to put their money in companies. The typical payout schedule is quarterly. Hence, if you own shares of dividend payers, you can expect an income stream every three months or four times a year. If you want to compound the investment value, reinvest the [periodic payments](#) when you receive them.

A dividend payment is per share. If an individual investor owns 20 shares of a company that pays \$3 dividends per year, then the total payment each year is \$60 (20 shares times \$3 per share). However, a select few on the **TSX** pay dividends monthly, not quarterly. Thus, your [income stream](#) could be 12 times in a year instead of four.

High-yield monthly dividend stock

Pembina Pipeline ([TSX:PPL](#))([NYSE:PBA](#)) in the energy sector attracts investors who seek high yields and monthly passive income. The \$21.78 billion company offers a high 6.31% dividend. Assuming you need an extra \$250 every month, all you need is to own \$47,550 worth of shares.

Assume further the dividend yield remains constant and you prefer to reinvest the dividends. Your capital will compound to \$161,671.28 in 20 years. You can start with a small capital and accumulate more shares as you go along. The advantage with Pembina is that money multiplies at an accelerating rate because the payouts are monthly.

Higher total return on investment

Apart from the monthly dividends, Pembina's stock could rise, so the capital gain adds to your total return on investment. If the price declines, the dividends serve as your cushion. Some stock market analysts say there's a downside to paying monthly dividends.

Because investors expect monthly payouts, there may be undue pressure on the company to plan out their cash flows and deliver. Fortunately, Pembina has maintained the practice and has been growing

its dividend since 1998. The energy stock has earned Dividend Aristocrat status due to 10 consecutive years of annual dividend increase.

Strategic combination

Pembina might soon become one of Canada's largest and best-positioned energy infrastructure companies in the post-pandemic era. On May 31, 2021, it entered into an agreement with **Inter Pipeline**. Before Pembina came into the picture, **Brookfield Infrastructure Partners** made a hostile bid for the Canadian operator. However, the shareholders rejected the original and revised takeover offer.

Based on S&P Global Market Intelligence data, the Pembina-Inter Pipeline strategic combination is the biggest deal in the oil & gas pipeline industry so far in 2021. It augurs well for Pembina because once complete, it would open opportunities for significant expansion and material efficiencies.

Pembina President and CEO Mick Dilger said, "This is a singular moment and opportunity for Pembina and Inter Pipeline." Unitholders will vote on the proposed transaction on July 29, 2021. Brookfield Infrastructure owns nearly 10% of outstanding Inter Pipeline shares but is likely to vote against the deal.

More collaboration

Pembina and **TC Energy** jointly announced a plan to develop a carbon transportation and sequestration system in Alberta. The project will form the backbone of the province's carbon capture utilization and storage industry. The tandem hopes to have the first phase to be operational as early as 2025.

Given the encouraging outlook in 2021 and beyond, Pembina Pipeline is the top choice if you need more regular income or cash flows every month.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

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