



3 Dividend Stocks to Easily Earn You \$100/Month

Description

Not everyone has the same definition of passive income. Many Canadians consider passive income the same as a second income source. So, they include a side hustle or a second job in the list of passive-income sources.

Other people only consider only those income sources as “passive” that don’t require “active” participation, like becoming a landlord. But if we go by that definition, few passive-income sources are as “passive” as a dividend-based monthly income.

The only issue with this type of passive income is that you have to have a significant amount invested in a dividend portfolio to get an income comparable to your primary one. But if you are content with earning about \$100 a month through dividend stocks (after investing \$30,000), there are three that should be on your radar.

A bank

Most Canadian banks are generous Dividend Aristocrats, but ever since the market crash, they’ve also taken on the role of amazing growth stocks. Take the example of **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)). [The banking giant](#) has grown its stock by about 127% in the last 12 months and over 65% in the last 12 months alone.

The capital appreciation potential comes at a price — a slight reduction in the yield as the price shoots up — but the bank still pays dividends at a 4% yield. So, if you invest \$10,000 in this bank, you can get about \$33.3 a month through payouts.

The bank stock is relatively overvalued right now, but it’s still very reasonably valued, despite its growth spurt after the crash. But if you can wait until the [stock is undervalued](#) again, you might be able to lock in an even more impressive yield.

A power-generation company

Hydroelectric power generation is one of the most tried and tested “green energy sources” we have. And companies like **TransAlta Renewables** ([TSX:RNW](#)) that focus on this energy source for producing electric power for their consumers have more options. They have one more potent weapon in their arsenal compared to companies that stick with alternatives only.

TransAlta has an impressive asset portfolio. It operates 23 wind farms, nine natural gas-based energy production facilities, and 13 hydroelectric sources. These are responsible for over 98% of the energy the company produces (2,537 MW).

It's a bit overpriced compared to the bank stock above, but it might also pack more growth potential. The era of green energy is upon us, and TransAlta is poised for growth. The company is offering a juicy yield of 4.36%, so if you invest \$10,000 in the company, you can get about \$36.3 in passive income a month.

A propane company

Propane is used quite extensively for both indoor heating and outdoor grilling in the U.S. and Canada. During winter, about 5% of U.S. households use propane as their primary heating fuel. It places companies like **Superior Plus** ([TSX:SPB](#)) in [a powerful position](#) in a niche market. The company services over 800,000 customer locations and is *the* largest distributor in Canada and the fifth largest in the U.S.

The company generates a larger segment of its EBITDA in the U.S. compared to Canada and has an impressive presence in both countries. The stock has been growing at a modest pace for some time now, and it might continue growing as we move closer to winter and the company's sales pick up again. From a dividend perspective, the current 4.59% yield the company offers is enough to help you generate about \$38.2 in passive income a month.

Foolish takeaway

If you invest \$30,000 in the three companies, you can get about \$107.8 per month in passive income. It's not a lot, but it's still a decent sum every month, especially if you place the stocks in TFSA and the +\$100 monthly earning is completely tax-free.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. TSX:CM (Canadian Imperial Bank of Commerce)

3. TSX:RNW (TransAlta Renewables)
4. TSX:SPB (Superior Plus Corp.)

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