Treat Yourself to an Extra $150 a Month With This Dividend Stock

Description

Most salaried individuals usually get into a financial routine. They earn a fixed amount and use that fixed amount in a pre-determined, routine manner. Any financial bonuses or additional cash they come by (infrequently) is usually spent on a lingering expense that they couldn't find the money for in their routine income. And a predictable "addition" to their routine income (like a pay raise) is usually accompanied by equally expensive lifestyle changes.

But there is another way you can give yourself more financial room and take a tiny bit of weight off of your regular income, and it's by creating a sizeable passive-income yield. Dividend stocks tend to be one of the best ways to do it, since dividend investing is completely passive, and if you've chosen the right stock, there is a minimal chance that you'll see fluctuations in your dividend income.

Now, a reliable and passive monthly income can give you more financial leeway, and you might even be able to use it *to save* more. Like using the extra cash to buy different supplies in bulk (when they are cheaper) and saving more money in the long run. And if it's coming out of your TFSA, you can use it for some expenses and put away an equivalent amount in an RRSP, making your tax bill a little lighter.

The dividend stock

REITs are usually generous dividend payers, and if you choose a stable REIT with a stellar dividend history (preferably an aristocrat) with a strong business model, you might create a relabel dividend income stream for yourself.

One contender worth considering is **SmartCentres REIT** (TSX:SRU.UN). It's a commercial REIT that has been growing its payouts for the last seven years and is currently offering a powerful 6.13% yield. And if you invest $30,000 in this REIT, your monthly payouts would come out to a bit over $153. That's a fraction of your regular income, but it's still a meaningful addition to the monthly income that comes to your household.

While SmartCentres is an aristocrat, its status might be in danger, unless the REIT raises dividends in

2021. So, if you buy before that happens, you will likely experience a slight bump in the payout right away.

Reliability of dividend income

The payout ratio of the REIT's dividends is through the roof, despite the fact that the revenues are back to the pre-crash levels. Its strong financials, impressive portfolio of properties, and stable tenant portfolio all endorse the reliability of dividends. The 168 properties the company owns cover about 3,500 acres of land and are worth about $10.3 billion.

The tenant profile is strong thanks to tenants like **Walmart**, which anchors 115 of the REITs' properties. But that's not all for the dividend security. The REIT is also focusing on building "smart" communities and condominium buildings. By equipping its properties with what the modern homeowners/renters are looking for, it will be able to attract (theoretically) a decent residential tenant pool and diversify its portfolio further.

Foolish takeaway

SmartCentres REIT is a powerful choice to create a sizeable passive income. It already has a stellar dividend history, the revenues are steadily increasing, and the yield is quite generous. The valuation is a little high, but considering the yield and recent growth the stock went through, it seems justified.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. adamothman
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date
2025/08/20
Date Created
2021/08/13
Author
adamothman