



EARN \$500 in Perpetual Income From 2 Dividend Kings

Description

Canadians can set up a stock portfolio to earn perpetual income. It's also a way to boost pensions like the Old Age Security (OAS) and Canada Pension Plan (CPP) to ensure future financial security. There's no time commitment in [passive investing](#) too.

Many retirees today can maintain their standard of living in pre-retirement because they have [income machines](#). If you have free cash or idle savings you won't need anytime soon, let your dollars produce money in perpetuity. The **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) and **BCE** ([TSX:BCE](#))([NYSE:BCE](#)) are dividend kings you can depend on for income permanently. Their dividend track records are older than the oldest investor.

Dividend pioneer

Canada's oldest and fourth-largest bank is the hands-down choice of income investors, even if it isn't **TSX's** highest dividend payer (3.31%). A high-yield stock is useless if it can't sustain dividend payments. BMO is the dividend pioneer, no less. The \$82.8 billion bank first paid dividends in 1829 and hasn't faltered since.

Always check the company's payout ratio when investing. The longest-running dividend payer has a dividend policy in place. BMO must maintain a payout ratio of 40% to 50%. At a share price of \$127.91 and current dividend yield, the payout ratio is 46.54%.

Also, I don't think there won't be dividend growth at all. A potential hike looms in the banking sector. For instance, BMO sits on \$6.2 billion excess capital after Q2 fiscal 2022 (quarter ended April 30, 2021). However, the restriction of the banking regulator on dividend increases is still in effect. Once lifted, the bank can deploy cash for shareholders.

BMO Economics says Canada's economy is due for strong growth in the second half of 2021. BMO Financial Group Chief Economist Doug Porter, said, "The economy is expected to grow a solid 6% this year, with most of the strength coming in the second half."

BMO's Canadian Business Banking Head, Mike Bonner, adds that Canadians are now looking at a period of opportunity. You can say the same for the stock market. The TSX continues to advance amid the pandemic. BMO is an excellent [buying opportunity](#) for income seekers.

Industry leader

Canada's largest telco is in the league of BMO regarding dividend track record. BCE has been paying dividends since 1881, or 140 years. The stock trades at \$65.11, while the dividend yield is 5.38%. BCE's payout ratio is more than 100%, which appears unhealthy from a dividend investor's perspective.

However, you must look at the nature of the business to justify the high payout ratio. BCE continues to invest heavily in expansion projects, network upgrades, and now the 5G network rollout. Meanwhile, the \$58.97 billion company keeps generating robust cash flows, especially from its wireless business.

Management's ongoing concern is to make sure that BCE meets the ever-growing communications needs of Canadians. The industry leader should gain further traction during the economic recovery phase.

Earn \$500 monthly for life

The dividend kings are perfect anchors to avoid financial dislocation in the future or retirement. BMO and BCE pay an average dividend yield of 4.34%. You can earn \$500 monthly income for life if you accumulate \$69,075 worth of shares of each. It would be best to do it yourself and create an income machine sooner rather than later.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

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2. NYSE:BMO (Bank of Montreal)
3. TSX:BCE (BCE Inc.)
4. TSX:BMO (Bank Of Montreal)

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