Start Paying Your Bills With These Dividend Stocks

Description

Earning safe income from dividend stocks can be liberating! Essentially, you get to start checking off some of those essential recurring bills like for electricity, gas, mobile phone plan, or the internet.

Having a portfolio of secure dividend stocks by saving and investing consistently can generate significant income over time. Here's how **Fortis** (TSX:FTS)(NYSE:FTS) and **Pembina Pipeline** (TSX:PPL)(NYSE:PBA) can help pay off your bills immediately.

Fortis stock

Fortis stock is suitable for conservative investors. The regulated utility is an essential service that transmits and distributes electricity and natural gas to households and businesses no matter if the economy is doing well or not. The low-volatility stock has persistently headed higher in the long run, providing stable dividends and price appreciation.

Over the last 10 years or so, the dividend stock has generated total returns of about 8% per year. About 40% of its returns originated from its payouts.

The regulated utility has a long history of paying a rising dividend. In fact, it just increased its dividend by almost 6%. This marks its 48th consecutive year of increasing its payout. Its new quarterly dividend of $0.535 per share equates to an annualized payout of $2.14. At $55.93 per share at writing, Fortis stock yields 3.8%. $10,000 invested in FTS stock today would generate approximately $383 in annual dividends for starters.

Fortis stock has declined more than 5% from its 52-week high. It could experience further weakness in October. If it does, it would be a good opportunity to buy shares in the defensive dividend stock.

Interested investors should be anticipating Fortis's third-quarter results, which will be released on October 29, at which time it will also reveal an updated five-year capital outlook for the year 2022 to 2026.

A monthly dividend stock

Pembina Pipeline is another dividend stock investors can consider for income. The company generates diversified and highly contracted cash flows from its energy infrastructure assets.

Through market cycles, although oil and gas prices have been volatile, its cash flow per share generation has been much more stable. This phenomenon has allowed Pembina to pay a safe dividend for at least 20 years. Management also takes care to keep its payout ratio sustainable. Over the next couple of years, Pembina is looking to invest at least $1 billion in commercially secured projects.

Over the last decade, the dividend stock has generated total returns of roughly 10% per year. About 52% of its returns originated from its payouts.

Right now, Pembina pays a monthly dividend of $0.21 per share, which equates to an annualized payout of $2.52 per share. At $40.49 per share at writing, Pembina stock yields a whopping 6.2%. $10,000 invested in Pembina stock today would generate about $622 in annual dividends initially.

The Foolish investor takeaway

Using dividend income to pay off your bills is very rewarding. Start by paying off your smallest bills to get the program rolling. Currently, it’s not a bad time to research Fortis and Pembina for potential dividend stocks to buy now. They’re reasonably priced. In particular, Fortis stock could continue to correct this month, which can provide an even more attractive opportunity for investors looking for a safe income stock.

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2. Investing

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kayng