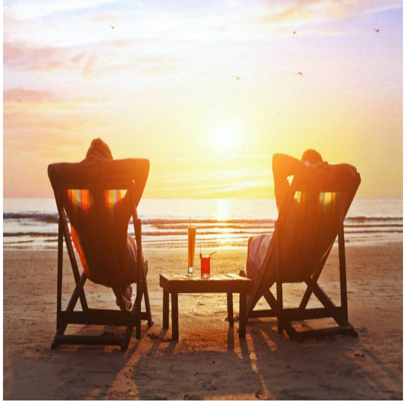

Top 2 Passive-Income Stocks for Lazy Investors

Description

Interest rates have been low for a decade, and there's little hope that they'll ever be high enough for investors to live on. Even if the central bank hikes rates every quarter for the next two years, the average saver can only expect 2-3% on their savings accounts.

Instead, passive-income-seeking investors need to turn their attention to robust and reliable dividend stocks. Here are the top two high-profile dividend stocks that can deliver steady returns for investors who are too busy or lazy to look for rare opportunities.

Passive-income stock #1

BCE (TSX:BCE)(NYSE:BCE) is at the top of my list of lazy passive-income stocks. That's because its future is utterly predictable. BCE is the biggest wireless and broadband provider in a country with steadily rising income and population. Over time, demand for data should expand even faster than population or income.

That means BCE investors can expect a steadily rising stream of annual dividends. At the moment, BCE stock trades at just 19.6 times earnings per share and offers a massive 5.6% dividend yield. That's enough to generate $4,228 in passive income every year from a fully maxed-out Tax Free Savings Account (TFSA).

Passive-income stock #2

Bank of Montreal (TSX:BMO)(NYSE:BMO) is another passive-income stock worth a mention. BMO is one of Canada's largest banks, but the stock is slightly underappreciated. It trades at a lower multiple than its peers and offers an equally attractive yield.

The stock is up 30% year to date. That shouldn't be a surprise, as the bank has been firing on all cylinders when it comes to operational efficiency and earnings.

Its adjusted net revenue increased by 3% in 2020, during one of the most challenging periods in the banking sector. With interest rates at record lows, revenue was expected to take a hit given the reduced net interest income.

However, Bank of Montreal emerged from the turmoil unscathed and well positioned for tremendous growth as the economy recovers.

BMO offers a dividend yield of 3.29%, which is in line with many of its peers. The bank has been unable to hike with the dividend freeze in place. However, it has paid a dividend every year for nearly two centuries affirming its credibility in returning value to shareholders. The stock also trades at a lower price-to-earnings multiple of 10, which makes it slightly more attractive for bargain hunters.

Bottom line

Passive-income seekers don't have a lot of great opportunities right now. High-interest savings accounts and real estate deals offer remarkably low yields. Meanwhile, stocks are much more volatile and unpredictable.

Boring, high-profile stocks like BMO and BCE are the best plays for investors looking for easy buys. These high-profile dividend stocks have comfortable yields, low valuations, and simple business models that don't need much due diligence. The perfect opportunity for lazy investors.

CATEGORY

1. Investing

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2. NYSE:BMO (Bank of Montreal)
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vraisinghani