Passive Income: How to Easily Earn $255/Month

Description

Even amid high volatility and a difficult operating environment, investing in top dividend stocks could help generate steady passive income. So, if you plan to generate a reliable passive income through investments in stocks, check out this list.

Toronto-Dominion Bank

First are the shares of **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD), and there are good reasons for that. This bank has been paying a dividend for 164 years. Furthermore, it has aggressively increased its annual dividend for over 26 years. To be precise, Toronto-Dominion Bank's dividend has grown at an average annualized rate of 11% since 1995. Meanwhile, it recently announced a 13% hike in dividends.

Looking ahead, increased loan and deposit volume, higher interest rates, strong credit performance, and robust balance sheet will likely drive its growth. Meanwhile, its ability to generate consistent profits on the back of its diversified revenue base and operating leverage will likely drive its payouts. Toronto-Dominion Bank offers a yield of 3.6%, while its payout ratio of 40-50% is well protected.

Enbridge

Next on this list is **Enbridge** (TSX:ENB)(NYSE:ENB) stock. It has consistently increased its dividend at a CAGR of 10% since 1995. Further, it has been paying a dividend for over 67 years. Enbridge's diversified cash flows, contractual arrangements to lower volume and price risks, strength in the core business support its dividend payments.

Enbridge's future dividend payments will likely get a boost from the recovery in mainline volumes, higher asset utilization rate, strong secured capital program, and revenue escalators. Furthermore, acquisitions, expansion of renewable capacity, and cost-savings bode well for growth. Enbridge'starget payout ratio of 60-70% of DCF (distributable cash flow) is well protected. Meanwhile, it offers a high yield of over 6.3%.

TC Energy

Like Enbridge stock, **TC Energy** (TSX:TRP)(NYSE:TRP) is another top dividend-paying company that has consistently increased its dividend payments for over two decades. Thanks to its high-quality asset base and resilient cash flows, TC Energy has raised its dividend at a CAGR of 7% for the past 21 years. Meanwhile, I am upbeat over its future prospects and expect it to return a substantial amount of cash to its shareholders in the form of higher dividends.

TC Energy expects to increase its future dividends by 3-5%, while it offers a solid yield of 5.4%. Its regulated and contracted assets, higher utilization rate, strong secured capital program, additional sanctioned projects, and revenue escalators will likely drive its profitability and, in turn, its dividend payments.

Bottom line

It's worth noting that these Canadian companies have been paid and increased their dividends for a very long period. Moreover, their resilient cash flows and visibility over future earnings make them attractive at current levels.

On average, these dividend-paying companies offer a yield of 5.1%, implying that an investment of about $60,000 distributed equally in each of these stocks will generate a reliable passive income of $3,060/year of $255/month.

Further, I would recommend investors invest in these stocks through their Tax-Free Savings Account (TFSA), as investment income in a TFSA is not taxed, thus boosting your overall returns.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

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2. NYSE:TD (The Toronto-Dominion Bank)
3. NYSE:TRP (Tc Energy)
4. TSX:ENB (Enbridge Inc.)

5. TSX:TD (The Toronto-Dominion Bank)
6. TSX:TRP (TC Energy Corporation)

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