



How to Get Passive Income Now and for Later

Description

There are various ways to build passive income now and for later. One way is to buy safe dividend stocks. [Canadian Dividend Aristocrats](#) have a track record of paying safe and often increasing dividends. If you need passive income now, you can pick high-yield dividend stocks from there. If you're not in a hurry to get passive income immediately, you may be able to grow your money faster by choosing the [dividend stocks](#) that are increasing their dividends at a faster rate, even though they may have lower dividend yields.

In the financial services sector, the big Canadian banks often steal the spotlight for providing safe, passive income. However, the insurance sector has also been paying solid dividends, and it's a good place to look for passive income.

Intact Financial just raised its dividend again!

When the regulator, Office of the Superintendent of Financial Institutions, loosened restrictions on the federally regulated financial institutions in November 2021, **Intact Financial** ([TSX:IFC](#)) raised its dividend by 9.6%. I thought it was a relatively low increase compared to **Manulife's** ([TSX:MFC](#)) ([NYSE:MFC](#)) dividend hike of 17.9% and **Sun Life's** raise of 20%.

It turns out Intact Financial was planning to surprise with another dividend hike. It seems to be getting back on track to its usual dividend increase schedule by raising its dividend by 9.9% this month. Including the raise in November 2021, the cumulative growth of the two dividend increases is 20.5%.

The new quarterly dividend of \$1.00 per share equates to a yield of about 2.16% at the recent quotation of \$185.24 per share. This may seem like a low yield for a dividend stock, but Intact Financial has a track record of outperforming industry peers in terms of return on equity.

It has increased its dividend for 17 consecutive years. Its 10-year dividend-growth rate is solidly at 9.6%, outpacing inflation by a wide margin. Therefore, Intact Financial is a sleep-well-at-night dividend stock you can hold for growing passive income into the future.

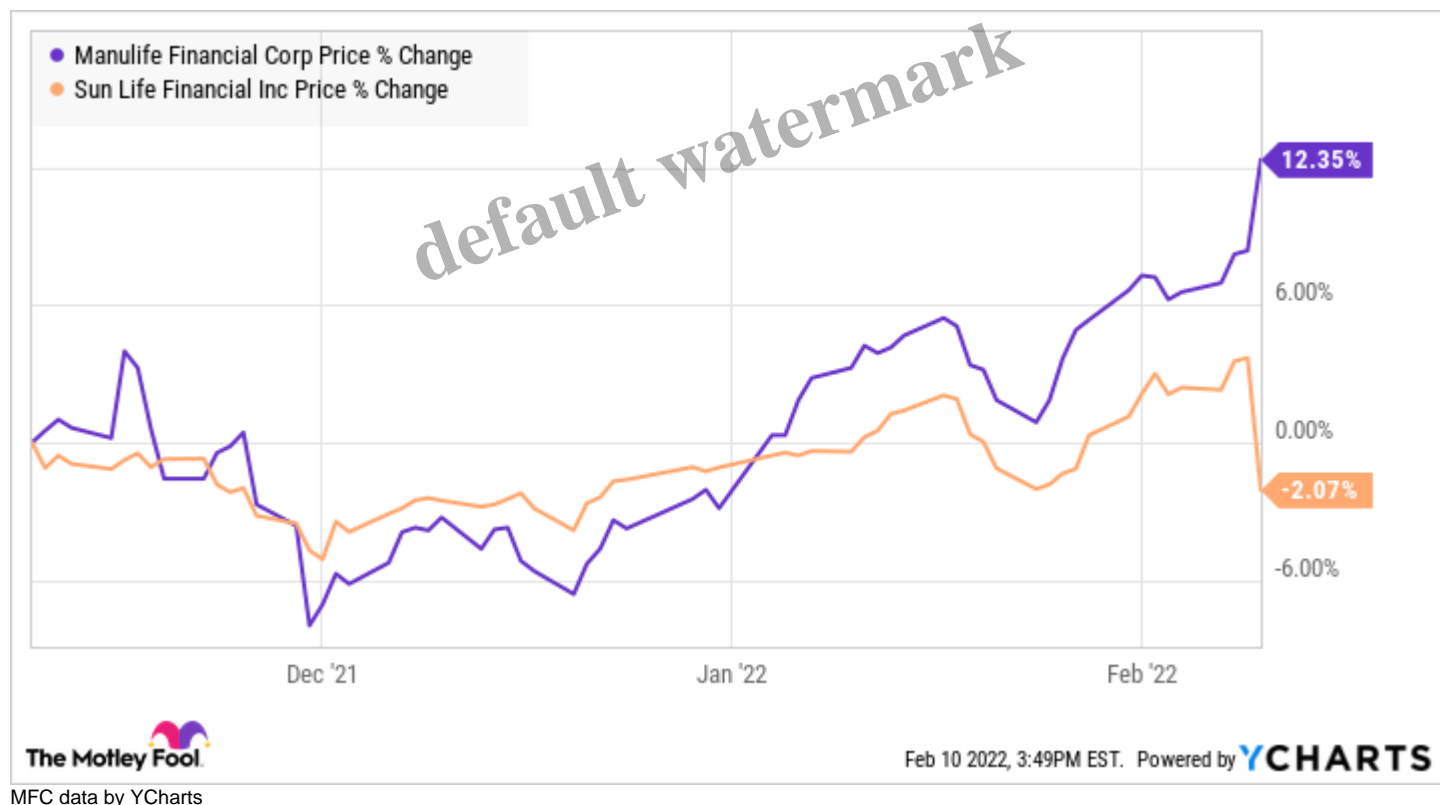
After IFC released its Q4 and full-year 2021 results on February 8, five analysts raised their price target for the stock for an average target of \$216.40 per share.

“We achieved mid-teens organic growth in net operating income per share, while RSA delivered 12% accretion in the seven months since the transaction closed. The acquisition has clearly enhanced our leadership position in Canada, and we are focused on achieving outperformance in [the U.K. and international business].”

Charles Brindamour, Intact Financial CEO in Q4 2021 press release

Manulife stock

It's a rare phenomenon to see Manulife outperforming Sun Life recently. Other than recent analyst downgrades of Sun Life resulting in a dip in the stock, Manulife clearly remains a cheap dividend stock paying an attractive dividend yield. At \$27.89 per share at writing, it trades at about 8.6 times earnings with an expected growth rate of about 9% per year and a yield of 4.7%.



Manulife just reported its full-year 2021 results on February 9 with net income rising 20% to \$7.1 billion, while core earnings were up 26% on a constant-currency basis to \$6.5 billion. Its core earnings per share improved 18% to \$3.25, resulting in a sustainable 2021 payout ratio of about 36%. Additionally, its Global Wealth and Asset Management net inflows tripled to \$27.9 billion.

Furthermore, the life and health insurer should benefit from a growing middle class in China, as it generates about a third of its revenues from the geography.

“We now operate in 52 cities across 15 provinces, providing access to over 60% of China’s population and which represents over 70% of GDP.”

Q4 2021 press release

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:MFC (Manulife Financial Corporation)
2. TSX:IFC (Intact Financial Corporation)
3. TSX:MFC (Manulife Financial Corporation)

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