



Canadians: Invest \$200 Monthly and Get \$500 a Month in Passive Income

Description

It's a myth that the stock market is a game of the rich. You do not need to have the significant upfront cash to start investing. A small amount invested consistently over the long term will do wonders for you! And that's precisely why they say time in the market is more important than timing the market.

The longer you remain invested, the higher the compounding effect. So, time plays a more crucial role than the absolute investment value.

Disciplined investing for a stable passive income

Let's say you are a conservative investor and prefer low-risk stocks. If you invest \$200 a month in a safe stock like **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)), you will likely accumulate approximately \$97,000 in 15 years.

Historical returns might not repeat in the future, but mature companies like Enbridge grow steadily. Based on its historical return, we have assumed a 13% CAGR for ENB returns for this calculation.

Though Enbridge belongs to the volatile energy sector, it is a relatively safe bet, as it is a pipeline company. It earns stable revenues from long-term contracts and has little direct exposure to oil and gas prices. Moreover, the company [pays](#) stable dividends, thanks to its stable and predictable earnings.

So, based on Enbridge's current dividend yield of 6.2%, a reserve of \$97,000 will earn a passive income of \$6,014 a year, or \$500 a month.

As the company increases its profits, it will increase dividends, ultimately boosting your passive income. Note that you will start receiving dividends every quarter after your first investment.

Investors typically underestimate dividend-growth stocks. It is one of the most powerful ways to achieve financial independence in your sunset years.

Defensive TSX stocks for the long term

Another safe TSX stock for a stable passive income could be **BCE** ([TSX:BCE](#))([NYSE:BCE](#)). Telecom companies have reasonable visibility about their earnings. BCE is no exception and has a long [dividend](#) payment history.

It currently yields close to 6%. So, a similar investment could fetch you a decent passive income in your later years.

Apart from the stable dividend, BCE could see superior earnings growth, mainly driven by the 5G revolution. It has been aggressively investing in expanding its geographical coverage and network improvements.

Higher growth might lead to higher capital gain and faster dividend growth.

Notably, stocks like BCE are less volatile than the broader markets. That's why these stocks outperform amid broader selloffs and are perceived as defensives.

Investors with a stomach for high volatility can consider investing in high-growth tech stocks. For a consistent passive income, this reserve accumulated over the years can then be moved to safe, dividend-paying stocks.

It would be prudent if you invest via Tax-Free Savings Account (TFSA). It will not only enable tax-free capital gains but will also generate [passive income](#) for a lifetime.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:ENB (Enbridge Inc.)

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