



5 Cheap Dividend Stocks to Deliver Thousands in Annual Income

Description

Canadians have access to a lot of great ways to save cash and bring in passive income. In fact, you could even use one of your investment accounts solely for the purpose of passive income. This would come from investing in dividend stocks and other passive-income producers.

But where to even start? Today, I'm going to help you build a portfolio of solid, cheap dividend stocks that could bring in *thousands* in annual passive income. And better still, if you use your Tax-Free Savings Account (TFSA), you can claim it all tax free!

Start with the Big Six

If you want solid long-term income, you'll want to look at the Big Six banks first and foremost. These passive-income producers have been paying out dividends for decades. Better still, the dividend stocks recently bumped dividends for shareholders. And it's likely they'll do it again to reach a higher yield, as their shares continue to climb.

That being said, most Big Six banks are still quite cheap. But for dividend stocks in my passive-income portfolio, I would choose **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) and **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)). TD Bank has been making solid [growth](#) moves that will likely turn into even higher dividends in the coming years. CIBC boasts the highest dividend of the batch, so it's a no-brainer.

TD Bank offers a dividend yield 3.33% as of writing and remains in value territory, trading at 13.85 times earnings. CIBC has a yield of 3.95% dividend yield and trades at a valuable 11.61 times earnings at writing.

Add some REITs

Real estate investment trusts (REITs) are always a recommendation for any dividend portfolio. However, as we've learned, you need to pick the right industry. I would therefore consider light

industrials and those related to the burgeoning e-commerce industry.

For two options, investors should consider **CT REIT** ([TSX:CRT.UN](#)) and **Dream Industrial REIT** ([TSX:DIR.UN](#)). CT REIT surprised investors, becoming one of the dividend stocks to actually boom during the pandemic. It continues to provide curbside options, but saw e-commerce growth explode. And interest rates being as low as they were, CT REIT saw most lease agreements renewed. It currently trades at 25.23 times earnings, with a yield of 4.87%.

As for Dream Industrial, the company owns 326 industrial properties not just in Canada, but the United States and Europe. This is ideal for companies wanting to expand within the [e-commerce](#) sector. The company continues to offer stable cash flow and pays out a strong 4.38% dividend yield — all while trading at just 6.97 times earnings.

Add an ETF

Of course, you shouldn't have everything in equities, which is why it's also a good idea to add an exchange-trade fund (ETF) to your portfolio. But if you look for an income-producing ETF, it's like adding a whole bunch of dividend stocks at once! Meanwhile, it's managed by a team that rebalances it for you for top [income](#) growth.

One option I love is **iShares S&P/TSX Composite High Dividend Index ETF** ([TSX:XEI](#)). While there isn't much share growth, buying a bunch of this stock gives you a solid and table \$1.05 per share per year. It also trades at a fairly valuable 17.46 times earnings, and invests in solid options like financial services, energy, and telecom.

Foolish takeaway

By investing in these five dividend stocks, you can bring in passive income in the thousands! And that's without including any returns. What's more, each is a safe, solid and *cheap* option for long-term investors wanting tax-free income for life.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:CM (Canadian Imperial Bank of Commerce)
4. TSX:CRT.UN (CT Real Estate Investment Trust)
5. TSX:DIR.UN (Dream Industrial REIT)
6. TSX:TD (The Toronto-Dominion Bank)
7. TSX:XEI (iShares S&P/TSX Composite High Dividend Index ETF)

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