



2 Dividend Stocks to Generate \$164/Month in Passive Income

Description

[Passive income](#) is money you earn without having to do any work for it. Investing your money in the right income-generating assets can help you create an income stream that will keep the cash flowing into your bank account, even while you sleep.

[Dividend investing](#) is one of the best methods to create a revenue stream in your self-directed portfolio that offers you decent returns. Dividend-paying companies share a portion of profits with their shareholders through quarterly or monthly payouts. Creating a reliable income stream through dividend stocks requires investing in stocks that boast a reputation for providing regular and sustainable payouts to their investors.

Today, I will discuss a couple of dividend stocks that can be ideal for this purpose.

Enbridge

Enbridge Inc. ([TSX:ENB](#))([NYSE:ENB](#)) is an excellent stock to consider if you want to generate a passive income through your self-directed portfolio. Enbridge is a \$107.09 billion market capitalization energy infrastructure company with an extensive pipeline network throughout North America. The company is responsible for transporting a significant portion of all the natural gas and oil used in the region, playing a vital role in the economy.

Enbridge stock has consistently increased its shareholder dividends at a compounded annual growth rate of 10% since 1995. The continuing recovery in energy demand could soon result in another significant boost in its shareholder dividends.

Enbridge stock trades for \$52.79 per share at writing, and it boasts a 6.54% dividend yield. Suppose that you invest \$20,000 in Enbridge shares. In that case, you could earn \$1,304 each year through dividends alone, translating to \$108.66 per month.

Toronto-Dominion Bank

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)) is another reliable stock to consider if you want to create a passive income stream through dividend stocks. TD Bank is a \$193.88 billion market capitalization bank with a track record of paying its investors their dividends for the last 164 years. The bank stock has increased its dividends for the last 26 years, making it a Canadian Dividend Aristocrat.

Strong performances in its domestic and international banking operations allow TD Bank to fund its dividend payouts comfortably. TD Bank stock trades for \$106.27 per share at writing, and it boasts a 3.35% dividend yield. Suppose that you invest \$20,000 in TD Bank shares. In that case, you could earn \$670 each year through shareholder dividends, translating to \$55.83 per month.

Foolish takeaway

Investing a hypothetical \$20,000 in Enbridge stock and TD bank stock each could generate \$164.49 per month through shareholder dividends alone. However, it's important to remember that you should not allocate all your funds to just two assets in case they underperform due to any reason.

[Diversifying your investment capital](#) across several stocks can help you create a passive income stream that can mitigate risk. Enbridge stock and TD stock could be excellent foundations that you can use to start building your dividend income portfolio.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

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

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Date

2025/08/21

Date Created

2022/02/18

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