



3 Cheap Stocks for Safe Passive Income

Description

2022 is proving to be an excellent opportunity to accumulate safe passive income. This year, stocks are going down, while dividends are rising. As a result, dividend yields are going up. It's not very often you get opportunities to accumulate quality dividend stocks at fire sale prices. But in 2022, you have the opportunity to do just that. In this article I explore three top stocks that could fill your account with safe passive income in 2022.

Enbridge

Enbridge Inc ([TSX:ENB](#))([NYSE:ENB](#)) is a pipeline stock with a 6% [dividend yield](#). It makes money by transporting oil and gas all over North America. Its business indirectly benefits from the current strength in oil prices. When oil prices are high, producers tend to want to sell more, which helps keep pipelines full. ENB doesn't directly make money from higher oil prices, like integrated energy companies do, but it does enjoy stronger demand for its services. So it is a pretty well positioned company in the current environment.

Enbridge measures its dividend paying ability by distributable cash flow. Going by that measure instead of GAAP earnings, ENB has a payout ratio of about 70%. That looks very sustainable. So, ENB is a high-yield stock whose payout appears very safe.

Fortis

Fortis Inc ([TSX:FTS](#))([NYSE:FTS](#)) is a modestly high-yield stock with a long history of dividend increases. Its yield (3.55%) is nowhere near as high as ENB's. But what it lacks in yield it makes up for in dividend growth. Fortis has raised its dividend payout every year for the [last 47 years](#), making it a true dividend aristocrat.

What made this stellar dividend track record possible? One word:

Stability.

Fortis is a utility, meaning that it is very recession-resistant. Utilities are essential services, so people don't cut them out even in recessions. So their revenue is very stable even in economic downturns. The proof is in the pudding. In 2008 and 2009, when the world was plunged into a massive recession, Fortis grew its earnings two years in a row.

TD Bank

The Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)) is a Canadian bank stock with a 3.7% yield. Like most Canadian banks, it makes money from lending, brokerage, and insurance operations in Canada. Unlike most other Canadian banks, TD also has a massive and profitable U.S. operation that brings in 33% of its earnings. TD is currently the ninth largest retail bank in the United States. With its recent acquisition of **First Horizon**, it will become the sixth largest. This acquisition will increase TD's loan portfolio dramatically, and potentially increase its dividend paying ability as well.

Foolish takeaway

As I showed in this article, there's no shortage of high dividend opportunities on the TSX today. Between banks, energy stocks, and utility stocks, there's plenty of choice out there. Many of the high yielding stocks on the TSX are quite safe as well. All three of the high dividend stocks mentioned in this article have strong dividend growth and manageable payout ratios. So, they could continue to fill investors' accounts with safe passive income over the long term.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News

8. Yahoo CA

PP NOTIFY USER

1. andrewbutton
2. jguest

Category

1. Investing
2. Stocks for Beginners

Date

2025/08/30

Date Created

2022/03/16

Author

andrewbutton

default watermark

default watermark