Passive Income Investing: Earn $2,643/Year on Easy Mode

Description

The TSX is rich with healthy and reliable dividend stocks with relatively generous yields. And it's one of the most potent resources for starting a passive income. That's because even if you have to invest a pretty hefty sum in starting a sizeable passive income (comparable to investing in other asset classes), dividend investing sets passive income generation on easy mode. It's a truly hands-off way to make money.

A financial company

IGM Financial (TSX:IGM) is a wealth management and asset management company with over a quarter of a trillion dollars in assets under management. It's made up of three companies, one of which (IG Wealth Management) provides services to about a million Canadians. However, the company's reach and collective client pool are pretty geographically diverse.

IGM was a healthy growth stock up until 2007. After the great recession, the stock has mostly been a cyclical grower. And even that doesn't offer adequate capital appreciation potential. The dividends are the most obvious reason to invest in this company. At its current yield of 5.11%, the stock will offer about $511 if you invest $10,000 in the company. The payout ratio is relatively stable.

A building materials company

As one of the leading distributors of building materials in the country, **Doman Building Materials Group** (TSX:DBM) has a well-established presence in the local market and the United States. It operates through several different brands, many of which carry the old name of the company (CanWel). Different business divisions indicate the diversity of its business model and revenue streams.

Even though the capital appreciation potential of the company has been almost nil for the last several years, the stock showed extraordinary recovery-fuelled growth in the post-pandemic market. It rose over 230% from its crash valuation, and even though it has come down significantly from its peak, the stock is still trading at a 50% premium to its pre-pandemic value.

Even though its current 6.71% yield is quite attractive and will net about $671 a year with $10,000 invested, it can grow significantly higher if the stock starts falling back to its early 2020 price point.

An iron ore royalty company

Labrador Iron Ore Royalty Corporation (TSX:LIF) is currently one of Canada's most generous dividend stocks and one of the very few that offer a double-digit yield. The current 14.6% yield of the stock is offering results from the first quarter dividend the company recently announced ($0.5 per share), which is a significant step down from the 2021 dividends.

However, it's double the dividends the company was paying in 2020. The payout ratio has stabilized compared to 2021's, but it's still in dangerous territory. And if the company repeats history by maintaining or growing its dividends for the next quarter in the year, you can enjoy an even better payout than the one the company is current offering, which is quite impressive in its own right.

At this yield, your $10,000 investment in the company would yield about $1,461 a year.

Foolish takeaway

Collectively, the three dividend stocks can offer you $2,643 a year with just $30,000 invested. If you keep these stocks in your TFSA, this income would be tax-free, and if you are not using it to augment your primary income, it can make up a sizeable portion of the following year's TFSA contributions.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:DBM (Doman Building Materials Group Ltd.)
2. TSX:IGM (IGM Financial Inc.)
3. TSX:LIF (Labrador Iron Ore Royalty Corporation)

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. adamothman
2. jguest

Category

1. Dividend Stocks
2. Investing

Date
2025/08/16
Date Created
2022/03/19
Author
adamothman