3 High-Yield Dividend Stocks for Easy Passive Income

Description

Looking for easy passive income?

If so, dividend stocks are the way to go.

Most passive income opportunities are not so "passive," as they require enormous amounts of work. Dividend stocks are the real deal. By investing some money up front, you can potentially collect quarterly or even monthly paycheques for life.

But you do need to do your homework. Before you buy a dividend stock, you need to know whether the company can actually afford to keep paying its dividend. Many ultra-high yield stocks pay dividends that the company can't afford. Those stocks are at risk of having their dividends cut. On the other hand, stocks with strong profitability and earnings growth, and low payout ratios, can keep paying their dividends over the long haul. In this article I will explore three dividend stocks that can likely keep paying you high yields in perpetuity.

Enbridge

Enbridge Inc (TSX:ENB)(NYSE:ENB) is a Canadian pipeline stock that yields 6%. It boasts strong earnings and a modest payout ratio. In 2021, it delivered solid results, including:

- $5.8 billion in GAAP earnings, up 93.3%
- $5.6 billion in adjusted earnings, up 14.7%
- $10 billion in distributable cash flow, up 6.4%

It was a pretty strong quarter. With $10 billion in distributable cash flow (DCF), the cash flow payout ratio was a mere 72%. That's relatively high, but pipelines are well known for paying a high percentage of their cash flows out as dividends. Enbridge likely has some room to raise its payout in the future. Demand for oil is strong these days, so ENB's pipelines are likely to remain filled to capacity. Particularly when you consider that many of its competitors' projects have been cancelled.

CIBC

The **Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM) is a Canadian bank stock that yields 4.09%. That's a very high yield for a Canadian bank. TSX bank stocks had a great year in 2021, which pushed yields down. Today, they're mostly only yielding about 3.5%. CM is way higher than the class average. In part, that's because CIBC has less growth potential than its competitors. It has by far the smallest foreign presence of all its big six competitors. So, it has fewer paths to grow in. If this continues then you can probably expect lower capital gains than from other Canadian banks going forward. However, the dividend is safe and well covered, as CM has a mere 40.9% payout ratio.

BCE

BCE Inc (TSX:BCE)(NYSE:BCE) is a Canadian telco stock that yields 5.34%. Most Canadian telcos have pretty high yields, but BCE has a higher yield than the average. In part, that is due to lacklustre operating performance. BCE's revenue only grew 1.8% in the most recent quarter. Earnings declined considerably. This stock won't rise much if it keeps delivering this kind of performance. However, it does have a pretty high yield. The stock's payout ratio is high, but it should come down if the company returns to solid earnings growth. Perhaps a riskier than average dividend play, but one with some potential should everything turn out okay.

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2. NYSE:CM (Canadian Imperial Bank of Commerce)
3. NYSE:ENB (Enbridge Inc.)
4. TSX:BCE (BCE Inc.)
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