



How to Convert \$500 Monthly Investment Into \$200 Monthly Income

Description

Do you know a \$500 monthly investment can give you \$200 in stable monthly tax-free income? The secret to earning this [passive income](#) is systematic and disciplined investing in your Tax-Free Savings Account ([TFSA](#)). All you have to do is invest \$500 every month regularly in the below five dividend stocks for six years. You will earn income during these six years as well. But you would reach the \$200 monthly income goal towards the end of the sixth year. Let's see how.

Five dividend stocks to earn \$200 monthly passive income

I have identified five stocks that have the potential to pay regular dividends for 15 years.

- **BCE** ([TSX:BCE](#))([NYSE:BCE](#))
- **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#))
- **Canadian Utilities** ([TSX:CU](#))
- **TransAlta Renewables** ([TSX:RNW](#))
- **True North Commercial REIT** ([TSX:TNT.UN](#))

Quarterly income

My first lot is of three stocks that have income-generating infrastructure and enjoy stable demand. They have a 30-year history of paying regular quarterly dividends and even increasing them in the last +10 years.

BCE stock

Telecom giant BCE is just getting started on the 5G growth story. It has brought 75% of Canada under 5G coverage and is still expanding. These subscriptions would grow as 5G makes mission-critical applications like smart cities and autonomous cars possible.

BCE is increasing its dividends at a compounded annual growth rate (CAGR) of 5%. It has an average dividend yield of 5.36%, but the recent downturn has increased the dividend yield to 5.88%. A \$100 monthly investment in BCE for 5.8 years would help you earn over \$375 in annual dividends by 2028.

Enbridge stock

Enbridge is a Dividend Aristocrat with almost 50 years of dividend-paying history. This dividend comes from the toll money it collects for transmitting oil and natural gas. As long as Canada exports oil to the United States, the transmission will continue to earn cash for Enbridge. It could take at least 15 years before renewable energy makes a material impact on oil usage.

Enbridge has increased its dividend at a CAGR of 10% for the last [27 years](#), but this growth slowed to 3% in two years. It has an average dividend yield of 6.28%. A \$100 monthly investment in Enbridge for 5.8 years would help you earn over \$440 in annual dividends by 2028.

Canadian Utilities

Canadian Utilities is another Dividend Aristocrat whose diversified energy infrastructure of electricity and natural gas generation and transmission earns it regular cash flow. It's a utility, as it retails power and natural gas, which is unlikely to go out of demand for generations.

Canadian Utilities has been growing dividends for a long time, and its last 10-year dividend CAGR is 8%. It has an average dividend yield of 4.65%, but the current downturn has increased the dividend yield to 4.72%. A \$100 monthly investment in Canadian Utilities for 5.8 years would help you earn over \$325 in annual dividends by 2028.

Monthly income

The below two stocks pay monthly dividends. But they have not grown dividends as they are relatively new in the income-generating infrastructure business.

TransAlta Renewables stock

Founded in 2013, TransAlta Renewables is building wind, hydro, and solar projects. The company has maintained its dividend amount since then. It is currently reinvesting the extra cash from new projects into building more projects. It could increase its dividend in the future once it builds a sizeable portfolio, with earlier projects paid off.

TransAlta Renewables has an average dividend yield of 6.28%, but last year's stock price jump reduced the dividend yield to 5.63%. A \$100 monthly investment in it for 5.8 years would help you earn around \$400 in annual dividends by 2028.

True North Commercial REIT

Founded in 2012, True North Commercial REIT has 46 commercial properties across five provinces of Canada. It earns 76% of rental income from government and credit-rated tenants. REITs transfer a significant portion of rental income to shareholders.

True North Commercial REIT has an average dividend yield of 9.05%, but the current downturn has increased the dividend yield to 9.32%. A \$100 monthly investment in the REIT for 5.8 years would help you earn over \$633 in annual dividends by 2028.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:BCE (BCE Inc.)
4. TSX:CU (Canadian Utilities Limited)
5. TSX:ENB (Enbridge Inc.)
6. TSX:RNW (TransAlta Renewables)
7. TSX:TNT.UN (True North Commercial Real Estate Investment Trust)

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