



New Investors: The 2 Best Options to Earn Regular Passive Income

Description

How wonderful would it be to live off dividends? All your bills and expenses will be taken care of just by the dividend income. And interestingly, it's not that difficult. All you need to do is to boost the exposure to high-dividend-paying stocks. Although it could take years to build that sizeable portfolio, you can start small and keep on adding over time.

Here are some of the top TSX stocks for stable dividend income.

Enbridge

Top Canadian midstream energy company **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) currently yields a handsome 6%. That means investing \$1,000 in ENB stock today would generate \$60 in dividend income annually. The energy giant is expected to pay a dividend of \$3.44 per share in 2022.

The dividend income keeps growing, as the company increases its profit. Thanks to Enbridge's consistently growing profits, it has raised its dividend for the last 27 consecutive years.

What matters more while investing for dividends is stability. When a company operates in a stable business environment, it likely generates steadier earnings, ultimately enabling regular dividends. In the case of Enbridge, though it transports oil and gas through its huge pipeline network, its earnings are not dependent on energy prices. So, when crude oil prices tumble, its earnings are relatively well placed, keeping shareholder payouts intact.

Apart from dividends, ENB stock has also been on the rise this year, which has outperformed broader markets. It has soared 12% so far and could continue to ride higher along with peer energy names. In the last 10 years, ENB stock has returned a 10% CAGR, including dividends.

Enbridge is one of the high-quality defensive bets on the Canadian markets. It might not be prudent for aggressive investors seeking to get rich quickly. But those who are looking for [stable, passive income](#) should consider ENB.

Canadian Utilities

Another top defensive bet is **Canadian Utilities** ([TSX:CU](#)). It currently yields 4.5%, which is higher than its peers. So, if you invest \$1,000 in CU today, it will make \$45 in dividends yearly. And note that Canadian Utilities holds the throne of having the longest dividend-growth streak among TSX stocks. It has raised shareholder payouts for 49 consecutive years.

Canadian Utilities has a stable earnings profile due to its large, regulated operations. As a result, it has managed to raise dividends consistently, be it during a recession or an economic boom.

Another advantage of investing in utilities is their high payout ratios. They give away a higher portion of their earnings to shareholders as dividends. For example, CU has distributed on average 90% of its net income as dividends annually in the last five years.

Bottom line

These defensives play well when broader markets turn rough. Investors turn to dividend-paying stocks like ENB and CU because of their less-volatile nature and healthy earnings profile.

CATEGORY

1. Investing
2. Stocks for Beginners

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1. NYSE:ENB (Enbridge Inc.)
2. TSX:CU (Canadian Utilities Limited)
3. TSX:ENB (Enbridge Inc.)

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