



1 Proven Strategy to Get Ahead of Inflation: Earn Monthly Passive Income

Description

We all know that our money and savings lose value at a faster pace when inflation keeps rising. In June, the inflation reading rose to 8.1% and July's rate, which will come out on August 16, 2022, could be higher. Meanwhile, data from Trading Economics showed that the household savings rate in Canada for Q1 2022 was also 8.1%.

The household savings rate peaked to 28.2% in Q2 2020 due to pandemic dole outs from the federal government. But with the end of stimulus programs and the soaring costs of living, will Canadians save more?

Dividend investing is a tested and proven [strategy](#) to cope with inflation. Stocks can be risky assets, but there are high-quality stocks available for risk-averse investors. And, the passive income your money earns from these stocks can minimize inflation risks.

Save differently

In April 2022, Tony Salgado, president and founder of AMS Wealth, said "I don't think higher interest rates are going to motivate people to save more." However, he added, "I think it's probably going to motivate people to save differently." His advice is to not leave money idle or in a cash account. Instead, consider putting it into an income-producing savings account or instrument.

Dividend stocks are ideal compared with other investment options because of higher returns and recurring passive income streams. Most dividend stocks offer a quarterly pay out frequency, but some firms pay every month or 12 times in a year. Earning monthly passive income can equip you to better cope with inflation and preserve purchasing power.

Top monthly income stock

Pembina Pipeline ([TSX:PPL](#))([NYSE:PBA](#)) is a top pick among the rare breed of monthly income stocks. This top-tier energy stock is also an ideal anchor in tax-advantaged or tax-sheltered investment

accounts like the [TFSA](#) and [RRSP](#). The current share price is \$48.89, while the dividend yield is a handsome 5.15%.

A \$50,000 position in Pembina will generate \$214.58 in monthly passive income. Current investors are up 31.62% year-to-date as the energy stock continues to outperform the broader market. According to management, the company remains resilient, notwithstanding the global economic and health uncertainties.

Pembina is a \$27 billion provider of transportation and midstream services in the energy industry. The company boasts a diversified integrated asset base and low-risk business model. Because of its strong earnings results in Q1 2022 and positive momentum, Pembina is well-positioned to build on its base business and capitalize on long-term growth opportunities.

Back-up to Pembina

First National Finance Corporation ([TSX:FN](#)) is a suitable back-up to Pembina. The \$2.24 billion originator of residential (single-family and multi-unit) and commercial mortgages also pays monthly dividends. This non-bank stock trades at \$37.48 per share and pays a lucrative 6.27% dividend.

In Q2 2022, net income increased 17% to \$61.3 million versus Q2 2021. Notably, mortgage under administration (MUA) rose 5% year-over-year to a record \$127.4 billion. Company President and CEO, Jason Ellis, said, "First National's second quarter performance, including steady growth in MUA, was delivered in competitive markets that are now adjusting rapidly to the reality of much higher interest rates."

Formidable combo

Dividend frequency is now a major consideration for many income investors. Pembina and First National is a formidable combination if you're looking to passively add income to your monthly budget in this inflationary environment.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:FN (First National Financial Corporation)
3. TSX:PPL (Pembina Pipeline Corporation)

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