



Little-Known Ways to Earn an Additional \$50 a Month (From Dividends)

Description

The Canadian economy is facing a tough time. Although inflation started easing in [July](#) to 7.6% from 8.1% in June, rising prices are making survival difficult for an average Canadian. Many Canadians are seeking ways to earn some extra money. There are many ways, like a garage sale or renting out unused space. But one passive income many people don't use is building a dividend portfolio.

Ways to earn an additional \$50 a month

The stock market correction created an opportunity to buy [dividend stocks](#) and lock in higher dividend yields. Here are two fundamentally strong stocks with annual dividend yields over 6%:

- **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#))
- **SmartCentres REIT** ([TSX:SRU.UN](#))

A 6% yield is their annual rate. So, if you invest \$1,000 in these stocks, they will pay you \$60 (\$1,000 x 6%) in 12 monthly instalments for the year or four quarterly instalments. This dividend income is taxable. But you can relieve yourself from this tax by investing through the Tax-Free Savings Account ([TFSA](#)).

Earn dividends from Enbridge stock

Enbridge is North America's largest pipeline operator. It has been paying a dividend for [67 years](#). The company has a portfolio of oil and gas pipelines that have paid off their development cost and are earning transmission fees. Enbridge is using this fee to pay dividends, maintain old pipelines, and build new ones. It maintains a healthy dividend payout ratio of 60-70% in distributed cash flow, which ensures regular dividends in every business environment.

The Russian oil sanctions have created a need among western countries to find alternative oil and gas suppliers. This puts Canada in a favourable position thanks to its third largest oil sands reserves. Enbridge has some pipeline projects coming online in 2023. They will add new cash flow streams and

help Enbridge grow dividends for the next decade.

A \$5,000 investment in Enbridge will earn you \$300 in annual dividend income for the next several years. This income will grow at an annual rate of 3-10%. A 10% dividend-growth rate could double your income to \$600 in seven to eight years.

Earn rental distributions from SmartCentres REIT

While Enbridge pays dividends from toll money, SmartCentres REIT pays monthly distributions from rental income and any capital gain from the sale of the property. The retail REIT has built a portfolio of over 170 properties, in strategic locations that fetch high rent. It is developing commercial and residential buildings through its intensification program to make its existing retail stores more valuable. As a REIT, it distributes a significant portion of its rental income to shareholders. Its distribution yield is high, as it enjoys the tax status of an investment trust.

SmartCentres maintains a high occupancy rate of 97.2%, and **Walmart** is its biggest tenant. Walmart alone is a good anchor to attract other retailers. But what if Walmart vacates? Hence, SmartCentres is using its intensification program to make its stores sticky for Walmart. It is safe to assume that SmartCentres can continue to pay over 6% distribution yield in all market cycles.

A \$5,000 investment in SmartCentres will earn you \$323 annually. However, do not expect regular growth in this distribution, as the REIT is still growing its property portfolio and servicing the debt it took to build existing properties.

How to make more money from dividend money

If you'd invested in the above two stocks five years back and opted for a dividend-reinvestment plan (DRIP), your share count has increased. More shares can fetch you a higher dividend. For instance, you brought 100 shares of Enbridge for \$5,000 in August 2017 and opted for DRIP, your \$300 dividend per year brought you more than 40 shares.

You can change the option from DRIP to dividend payout and earn \$3.4 per share in annual dividends. That will increase your annual dividend income from Enbridge to over \$480 (\$3.4 x 40 shares). When you don't need passive income, reactivate the DRIP option.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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