



Beginner Investors: How to Earn \$6 a Day in Safe Passive Income

Description

Investing for passive income is a great way to start investing in [Canadian stocks](#). Canada has many wonderful companies that pay attractive, reliable dividends. Canadians can easily build a diversified portfolio of quality stocks, earn attractive dividends, and see their capital grow over time.

Market downturns are the best times to build a passive-income portfolio

In fact, the best time to build a passive-income investment portfolio is in a down market. Stocks in almost every sector have pulled back. Right now, [dividend](#) yields (the annual dividend return on your cost basis) are high and valuations are low. Here are three diverse stocks that Canadian investors can buy to easily earn \$6 a day in passive income.

Enbridge

As one of North America's largest energy infrastructure businesses, **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) is a very solid stock for passive income. It has a diverse portfolio of pipelines, distribution utilities, storage facilities, renewable power projects, and export terminals.

98% of these assets are contracted or regulated and over 80% of its earnings are hedged to inflation. The fact that it transports 30% of crude oil produced in North America demonstrates how essential its assets are.

This all means Enbridge can deliver very consistent cash flow returns. Its 27-year history of consecutive annual dividend growth is a testament to that.

Today, it pays a substantial 6.7% dividend yield. If it can execute well on its current capital growth plan, shareholders could also enjoy 5-7% earnings and dividend growth over the coming few years.

BCE

Another market leader in its segment is **BCE** ([TSX:BCE](#))([NYSE:BCE](#)). With a market capitalization of \$42 billion, BCE is Canada's largest [telecommunications stocks](#). It has over 22 million cellular, internet, and/or TV subscribers.

Most of these services are contracted, so BCE has a stable baseline of revenues. Once it finishes its elevated capital spending in fibre optic and 5G infrastructure, the business should earn a significant amount of excess cash. This could mean elevated dividend hikes in the future.

For 14 consecutive years, BCE has increased its dividend by 5% or more. Today, this passive-income stock yields a very attractive 5.9% dividend. Chances are very good it will continue its history of attractive dividend growth for many years ahead.

TD Bank

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)) is another large-cap stock that is great for passive income. TD has enviable retail and commercial banking franchises in Canada and the eastern U.S. Its expansion into the U.S. has supplied very solid growth over the past 10 years. In fact, in that time, it has more than doubled its earnings and dividend rate.

TD just announced plans to acquire **First Horizon Bank** and **Cowen Inc.** in the United States. These could both be very synergistic and provide longer-term sustainable growth for the bank. Despite that, TD's stock has sold off nearly 10% this year. Right now, it looks attractive at 10 times earnings.

This stock has an above-average yield at 4% right now. For a long-term, passive income hold, this looks like a great defensive stock.

Earn \$6/day in safe passive income

If you started out with \$40,000 of capital and invested equally in these three dividend stocks, you'd earn a 5.53% average dividend yield. That translates into just over \$6 a day in passive income. While this doesn't sound like much, over time, those dividends are all likely to grow, and so too will your daily passive-income stream.

CATEGORY

1. Dividend Stocks
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2. NYSE:ENB (Enbridge Inc.)
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