



2 Ultra-Safe Passive-Income Stocks to Buy Right Now

Description

For risk-free passive income, Canadians can consider one-year [Guaranteed Investment Certificates](#) (GICs) for a return of about 5%, coming from interest income. You're also guaranteed to get your principal back.

If you need even more passive income, you might turn to [dividend stocks](#). You probably have heard that you can burn yourself if you reach for high yields. However, currently, you can get yields of over 6% that are ultra safe from the following dividend stocks.

Moreover, these dividend stocks pay out eligible dividends that are more favourably taxed than interest income, which are fully taxable at your marginal tax rate if the investment are held in non-registered accounts.

Without further ado, here are the ultra-safe TSX stocks you can buy now for passive income.

Enbridge stock

Large-cap energy infrastructure stocks **TC Energy** and **Enbridge** ([TSX:ENB](#)) provide similar dividend yields of 6.7% and 6.8%, respectively. However, unlike its peer, TC Energy, Enbridge stock is not plagued by the bad press surrounding the oil spill at the moment. Since the news, TC Energy stock has declined about 7%, while Enbridge stock is down about 2%.

Often, Enbridge is viewed more as a utility company than an energy company because of its stable cash flow generation that has supported 70 years of dividend payments! Furthermore, ENB stock has increased its dividend for about 26 consecutive years.

Its cash flows are high quality. They are diversified across over 40 sources, and 95% come from investment-grade customers. About 80% of its cash flows are also protected from inflation.

Management projects its distributable cash flow per share could grow 5-7% per year through 2024. So, investors should have no problem getting dividend increases of at least 3% annually through this

period. In fact, ENB stock just hiked its dividend by 3.1% last month.

At \$52.38 per share at writing, the [blue-chip stock](#) trades at a discount of about 10% from its fair value. ENB stock is a good buy for passive income now. If you're looking for a better bargain, wait to see if you can grab it at or below \$50 per share over the next few months.

BNS stock

Bank of Nova Scotia ([TSX:BNS](#)) stock is another blue-chip stock you can rely on for juicy passive income. For the greater risk that you're taking (versus GICs), you can pocket a dividend yield of about 6.3%. Additionally, you'll enjoy long-term price appreciation over an economic cycle.

The big Canadian bank stock's greater risk is playing out in this high inflationary and high interest rate environment than its peers because of its exposure to higher-risk markets in South America. So, the bank stock has experienced greater pressure.

At \$65.70 per share at writing, BNS stock trades at about 7.8 times earnings, which is a substantial discount of 30% from its long-term normal valuation. For the near term, analysts think the stock is discounted by 16%.

In any case, the bank stock is well capitalized and maintains a sustainable payout ratio of about 50%.

To sum it up, if you have long-term capital that you don't foresee using for at least five years, you can consider parking it in Enbridge stock and BNS stock for passive income.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:BNS (Bank Of Nova Scotia)
2. TSX:ENB (Enbridge Inc.)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. kayng
2. kduncombe

Category

1. Dividend Stocks
2. Investing

Date

2025/08/25

Date Created

2022/12/22

Author

kayng

default watermark

default watermark