



Looking for \$200/Month in Alternative Income? Buy 530 Shares of This Stock

Description

Having one source of income is not enough in this inflationary environment. Things will only get tough. But diversifying your income flow can reduce your financial stress. All you have to do is buy 530 shares of **BCE** ([TSX:BCE](#)) stock over three years.

Why BCE and not energy stocks?

Why is BCE stock a good option for alternative income?

Canada's telecom market is a major contributor to the gross domestic product (GDP). This sector is led by three players (BCE, **Rogers Communications**, and **Telus**) that control more than 90% of the market. Among the three, BCE is the largest telecom operator in Canada by infrastructure and a good dividend payer.

The last two years have been a game changer for BCE.

BCE's competitor Rogers is engaged in a delayed acquisition of **Shaw Communications**. Moreover, Rogers faced two major network outages in the last two years and paused dividend growth in 2020.

In the meantime, BCE took advantage of 2020's record-low interest rates to initiate an [accelerated capital investment](#) of \$14 billion between 2020 and 2022 to build [a 5G](#) infrastructure and fibre network. The timing of the decision worked in the company's favour, and it locked a weighted average cost of the public debt of about 2.8%. Around 85% of its debt is at a fixed rate, which means the rising interest rates are not significantly impacting the company's cash flows like other capital-intensive companies.

While other [Dividend Aristocrats](#) like **Enbridge** and **Canadian Utilities** slowed their dividend-growth rate in 2022, BCE maintained it at 5%. BCE is unaffected by the global energy crisis, rising interest rates, or inflation. This resilience of the telecom company makes it a good option if you are looking for stable alternative income in the 5G era.

How to buy 530 shares of BCE to get \$200/month in alternative income

The 5G era could probably gain its potential by 2030 when self-driving cars and smart cities become the new normal. You can make the most of this 5G revolution by investing \$1,000 per month in BCE over the next three years, while the stock trades below \$70 and gives a dividend yield of over 5.5%.

\$1,000 per month could convert into \$36,000 in three years. In the last three years (2019-2022), the stock surged 18% with a long period of a bear market. The year 2023 could be slow for BCE stock, as the overall economic growth is likely to remain tepid. Now is your time to accelerate your alternative income investment. At an average stock price of \$68 per share, \$36,000 can buy you 530 shares of BCE.

| Year | Average Stock Price | Total Investment | Number of Shares | Dividend Per Share (5% CAGR) | Annual Dividend | Monthly Dividend |
|------|---------------------|------------------|------------------|------------------------------|-----------------|------------------|
| 2026 | \$68 | \$36,000 | 530 | \$4.17 | \$2,210.1 | \$184.18 |
| 2030 | \$68 | \$36,000 | 530 | \$5.07 | \$2,684.12 | \$223.68 |

How to earn \$200/month in alternative income from BCE stock.

BCE currently pays a \$3.6 dividend per share annually, and it could probably maintain its 5% dividend-growth rate for another three years. If this materializes, BCE's per-share dividend amount could increase to \$4.17 by 2026. On 530 BCE shares (rounded up), you can get about \$184/month in alternative income. If BCE maintains its 5% dividend-growth rate through 2030, your passive income could grow to \$223/month.

How long will the dividend last?

BCE is a Dividend Aristocrat that has been paying dividends since 1983 without any dividend cuts. It did two stock splits that halved the dividend per share, but that did not impact the overall dividend income. The company could continue its legacy for the next several decades. Even in the worst crisis, it might pause dividend growth but not stop it. However, you cannot rule out even the slightest possibility of a dividend cut.

Hence, I suggest diversifying your alternative income portfolio across sectors like energy, banking, and retail and asset class, like real estate investment trusts. Also, put some money in growth and resilient stocks to help your portfolio beat the market with some of the [best Canadian stocks](#).

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:BCE (BCE 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. kduncombe
2. pujatayal

Category

1. Dividend Stocks
2. Investing

Date

2025/07/17

Date Created

2023/01/31

Author

pujatayal

default watermark

default watermark