How to Make $1,500 in Passive Income 4 Times a Year

Description

In the last few months, several companies across sectors have laid off employees, citing challenging macroeconomic conditions. Economic cycles are inevitable, which means it's advisable for individuals to create multiple income streams, providing them with the required financial flexibility to get through a downturn.

One capital-efficient way to create a passive-income stream is by investing in blue-chip dividend stocks. You need to identify companies that are part of mature industries and can generate consistent cash flows across business cycles. Typically, blue-chip companies allocate a portion of these profits towards dividends, making them attractive to income-seeking investors.

One such dividend stock trading on the TSX is **Enbridge** (TSX:ENB), a Canada-based energy infrastructure giant. Let's see how you can invest in ENB stock to generate $1,500 in dividend income each quarter.

Enbridge is a Dividend Aristocrat

Since 1995, Enbridge has increased its dividend payouts at an annual rate of 9.8%, which is quite remarkable. In the last 28 years, Enbridge has witnessed the dot-com bubble, the financial crash, a global pandemic, and an inflation-fueled higher-pricing environment. Despite these challenges, the Canadian energy behemoth has not only maintained but increased dividends each year for almost three decades.

COMPANY	RECENT PRICE	NUMBER OF SHARES	DIVIDEND	TOTAL PAYOUT	FREQUENCY
Enbridge	$54.27	1,693	$0.8875	$1,502	Quarterly

If you'd invested $10,000 in ENB stock back in early 1995, you could have brought 2,732 shares of the company. These shares would have generated $683 in dividends in the next 12 months, indicating a yield of 6.8%. If you own 2,732 ENB shares today, your annual dividend payout will amount to $9,398.

We can see how staying invested in blue-chip dividend stocks can help shareholders create game-changing wealth over time. Right now, ENB stock offers shareholders a dividend yield of 6.5%, which is quite tasty.

Due to its high payout, Enbridge has returned 1,750% to shareholders since January 1995 after adjusting for dividends. Comparatively, the TSX has surged 427% in this period.

Is Enbridge a buy or a sell today?

Enbridge operates a low-risk pipeline utility business that allows the company to derive steady cash flows. Additionally, the cash flows are rate regulated and backed by inflation-indexed long-term contracts.

With a payout ratio of 65%, Enbridge's dividend is sustainable while allowing the company to reduce balance sheet debt and reinvest in capital expenditures. For instance, in recent years, Enbridge has gained traction in the renewable energy vertical, which now accounts for 4% of total cash flows.

It also has a backlog of commercially secured capital projects, which will be operational in the next few years. Enbridge remains focused on expanding its base of cash-generating assets, which will result in an increase in cash flows and support future dividend increases. Enbridge is well poised to increase its cash flow per share between 5% and 7% through 2024.

Equipped with an investment-grade balance sheet, Enbridge remains a top bet for investors looking for consistent gains. ENB stock is priced at a discount of 9% compared to consensus price target estimates. After accounting for its dividends, total returns will be closer to 15% in the next year.

The Foolish takeaway

If you want to earn $6,000 annually in dividend income, you need to buy 1,693 shares of Enbridge. At its current price, the total investment will amount to more than $91,000. But investing such as a large amount in a single stock is quite a risky proposition, as dividends can be revoked or suspended at any time.

So, you need to identify similar blue-chip TSX stocks and create a robust portfolio of dividend-paying giants.

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