



## Buy This Dividend Stock for Monthly Income But Stay for Growth

### Description

Right now is an excellent time to pick up a few passive-income stocks — especially if you can find a dividend stock that pays out [monthly income](#). We could all use fixed income during a recession. But what about after?

Recessions usually last around a year. That's a blip in terms of a long-term hold. In those cases, you want to hold companies for a decade or even more! So, is there a dividend stock that could provide you with stable monthly passive income now but still come back strong after a recession?

Yes, there is.

### TransAlta Renewables

**TransAlta Renewables** ([TSX:RNW](#)) is a [renewable](#) energy stock that focuses mainly on renewable natural gas production. It's a dividend stock that pays out on a monthly basis as well, providing you with solid monthly income.

TransAlta stock is a dividend stock that right now may be focusing on renewable natural gas but has already started to transition towards other forms of renewable energy production. Because of this, it's a solid long-term hold for those seeking a company that will still be around in the next decade and beyond.

Right now, however, you do get the benefit of higher gas prices. Gas still powers much of our everyday life, so TransAlta stock has secured contracts to help continue making those passive-income payments you've signed up for.

### Why it's good during a recession

First there's the obvious reasons. TransAlta stock is a solid choice during a recession because it offers that passive income mentioned at the beginning. Right now, the dividend stock has a yield at an

incredible 7.89%! That dividend has grown at a compound annual growth rate (CAGR) of 5.2% over the last decade alone as well.

Yet some poor earnings led the dividend stock downwards in the last few months. Therefore, it's definitely trading at a steal if you're looking for passive income. Shares are down 26% in the last year alone and 13% since the drop. Even since then, however, it's improved and is up by about 7%.

While it's not in value territory based on its price-to-earnings ratio, it still trades at 1.83 times book value. Plus, it would take just 50.52% of its equity to cover all debts at this point. So, it's still in a strong financial position.

## How much can you get?

First off, let's consider your returns. Over the last decade, TransAlta stock has grown by 119%. That comes to a CAGR of 8.63% as of writing. Let's say you have \$20,000 you want to put towards it to create that monthly income, and you then want to see what returns you might earn in that time. So, here is the monthly passive income you could earn by investing right now.

COMPANY	RECENT PRICE	NUMBER OF SHARES	DIVIDEND	TOTAL PAYOUT	FREQUENCY
RNW	\$11.90	1,681	\$0.94	\$1,580.14	Monthly

If you had 1,681 shares of this stocks, you would already have \$1,580 coming in annually. That comes to \$131.67 per month! Now, let's look at what you could earn after 10 years of staying invested in the dividend stock.

Year	Shares Owned	Annual Dividend Per Share	Annual Dividend	After DRIP Value	Year End Shares Owned	Year End Stock Price	New Balance
1	1,681.00	C\$0.94	C\$1,578.31	C\$21,640.55	1,807.99	C\$12.89	C\$23,300.88
2	1,807.99	C\$0.99	C\$1,785.82	C\$25,150.78	1,940.53	C\$13.96	C\$27,084.75
3	1,940.53	C\$1.04	C\$2,016.40	C\$29,171.40	2,078.58	C\$15.12	C\$31,419.43
4	2,078.58	C\$1.09	C\$2,272.15	C\$33,768.42	2,222.07	C\$16.37	C\$36,376.24
5	2,222.07	C\$1.15	C\$2,555.31	C\$39,015.45	2,370.93	C\$17.73	C\$42,034.68
6	2,370.93	C\$1.21	C\$2,868.28	C\$44,994.38	2,525.07	C\$19.20	C\$48,483.26
7	2,525.07	C\$1.27	C\$3,213.61	C\$51,796.31	2,684.40	C\$20.79	C\$55,820.42
8	2,684.40	C\$1.34	C\$3,594.03	C\$59,522.43	2,848.78	C\$22.52	C\$64,155.52
9	2,848.78	C\$1.41	C\$4,012.45	C\$68,285.01	3,018.10	C\$24.39	C\$73,609.92
10	3,018.10	C\$1.48	C\$4,471.97	C\$78,208.53	3,192.20	C\$26.41	C\$84,318.16

And there you have it! By reinvesting and seeing the same growth over the next decade, you could more than quadruple your original investment in this passive-income stock.

## CATEGORY

1. Dividend Stocks
2. Investing

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