



## 3 Quality Stocks for Legit, Real-Life Passive Income

### Description

Are you looking for legit, real-life passive income?

If so, I have some good news and some bad news for you.

The good news is that getting some passive income is pretty easy. If you buy a guaranteed investment certificate (GIC) or dividend stock, you'll start receiving passive income in a few months to a year. That's really all there is to it, if your goal is modest enough.

The bad news is that getting a lot of passive income is hard. The average Canadian stock has a 2.5% dividend yield. If you invest \$100,000 at such a yield, you only get \$2,500 in dividends per year, or \$208 per month. If you're starting out with \$10,000, it will be a long road to truly significant passive income. Nevertheless, it's possible. In this article, I'll explore three high-yield stocks that can get the dividend income flowing into your account. Just remember that these are examples only, and that your real-life portfolio should have more than just three stocks.

### Enbridge

**Enbridge Inc** ([TSX:ENB](#)) is a [dividend stock](#) that yields 6.5%. If you invest \$100,000 at that yield, you will get \$6,500 in annual passive income back!

In addition to being high, Enbridge's dividend has been growing. Over the last 28 years, the dividend has [grown by 10% per year](#). This year, it increased by 3%. The growth has been slowing down in general lately, but it's still happening.

Will Enbridge be able to keep up its dividend growth?

We have some good signs and some bad signs on that front. One bad sign is that Enbridge currently pays out more in dividends than it makes in earnings. The company likes to point out that it has more distributable cash flow than it pays in dividends, but there are other earnings metrics you can use suggesting a payout ratio over 100%.

On the plus side, Enbridge's business has all the classic signs of one that will last for a long time. It provides an indispensable service (oil and gas transportation). It has only a handful of competitors in North America. Its costs are far lower than that of rail transportation, the next best substitute. It locks clients into very long contracts. Basically, Enbridge shows all the signs of a business that will thrive, provided it can keep its financial house in order.

## Suncor Energy

**Suncor Energy** ([TSX:SU](#)) is another dividend stock in the energy sector. This one yields 4.66%. Suncor Energy stock has been beaten down over the last few months because oil prices fell. The Russia/Ukraine war caused an extreme oil rally that led to \$123 oil in June. Unfortunately for Suncor, all of that calmed down pretty quickly. However, Suncor paid off a lot of debt last year, which should make profit growth possible even with revenue going down. In the fourth quarter, Suncor made \$2.7 billion in net earnings, up 80% from the same quarter a year before. Oil was down in the quarter, but earnings went up, partially because of Suncor's debt repayment, which lowered interest expenses.

## Royal Bank

Last but not least, we have the **Royal Bank of Canada** ([TSX:RY](#)). This is a bank stock that has a 3.8% yield at today's prices. RY is a pretty big, slow-growing business, but it's very stable. It has a 150-year track record as a company, which includes 100 consecutive years of paying dividends. In its most recent quarter, RY delivered \$2.74 in earnings per share, which was up 2% from the same quarter a year before. That's a fairly respectable feat given that the fourth quarter of 2022 was a weak one for many companies, which saw their earnings decline.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:ENB (Enbridge Inc.)
2. TSX:RY (Royal Bank of Canada)
3. TSX:SU (Suncor Energy Inc.)

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