



How to Make Money Without Doing Much

Description

Most people of the working age earn active income by getting paid for their work. They could be earning a salary from their jobs or getting paid for contract work.

There's also passive income. To earn passive income, you put in some initial effort and get an income stream in return.

For example, some online publishers have a paying structure, so their authors get paid based on the number of page views their articles get. Some articles get views even months later.

The income earned later on would be considered passive income, because an author doesn't have to do more work after an article is published to earn income on those subsequent views.

There are many other ways to earn passive income, but here's one that anyone can do if one has the interest to do so: buy and hold assets that generate a growing income stream. I believe this is as close to getting a free lunch as one can get.



Earn passive income from dividends

Some of the most reliable dividend-growth stocks are found in the utilities industry. Three of the top five Canadian dividend-growth stocks are utilities. And **Canadian Utilities Limited** ([TSX:CU](#)) happens to take the top spot by having the longest streak of dividend growth as a publicly traded company on the Toronto Stock Exchange. The utility has increased its dividend for 45 consecutive years!

Investors are in luck because the stock has pulled back recently and is within its fair-valuation range. At about \$37.70 per share, Canadian Utilities offers a yield of nearly 3.8%. If the stock falls below \$35, it'll be quite attractive.

Canadian Utilities has increased its dividend per share by 10% every year since 2012. Its payout ratio is estimated to be about 62% this year. The utility also continues to invest in its business, so it should have no problem continuing to grow its dividend.

Build a diversified portfolio of dividend stocks

It doesn't cut it to just buy one stable business and be done with it. Your portfolio wouldn't be diversified enough. Besides, normally, investors tend to invest their money over time instead of investing a lump sum. At the very least, aim for 20 quality stocks from various sectors.

Investor takeaway

If you buy dividend-growth stocks that have generated stable earnings or cash flows for 10 years or longer when they are at good valuations, you can pretty much check in every quarter or every year to see how the businesses are doing.

By doing so, you'll build a diversified portfolio of dividend-growth stocks to generate a secure, growing passive income stream without having to do much work.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CU (Canadian Utilities Limited)

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1. Msn
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Author

kayng

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