



How to Earn \$500 a Month in Passive Income With Less Than \$70,000

Description

You don't need to be a millionaire to be able to accumulate some solid dividend income. Below, I'll show you how even with less than \$70,000, you can generate over \$500 a month just in dividends.

The recurring cash flow could help pay your bills and indeed could be especially useful for retirees who have savings and want to add some supplemental income. Ultimately, there's no shortage of options when it comes to extra cash flow, and that's where dividend income can appeal to anyone.

However, the strategy itself may not be suitable for everyone, and risk-averse investors might prefer [more modest options](#) that are a bit safer. But for those that are willing to take on some risk, the rewards could be significant.

Slate Retail REIT (TSX:SRT.UN) is a high-yielding dividend stock that could inject your portfolio with a lot of recurring cash flow. However, before we look at the dividend, let's take a close look at the business itself.

With a vast portfolio of commercial real estate properties that are mainly anchored by grocery stores, there's a lot of stability in the company's revenues. Not only have revenues been stable, but they've been growing as well, with sales increasing by 21% in the past year and 80% since 2015.

As the portfolio grows and more properties are added, Slate becomes more powerful, and while we haven't seen that in its bottom line, it's been noticeable with a stronger free cash flow over the years. When it comes to dividend payments, cash is also what I pay most attention to.

While Slate pays a high yield of around 9.1% per year, its free cash flow has been able to accommodate the payments. In 2018, 75% of Slate's free cash was paid out in the form of dividends, not unlike 2017, when the percentage was 76%.

Here's further proof that Slate isn't concerned about its dividend payments: it's been increasing them over the years. While they haven't been significant increases, the company did raise its payouts by 1.7% late last year. However, if it had been concerned about the cash constraints, we likely wouldn't have seen that happen.

Investing \$70,000 in this stock today would provide you with dividend income of around \$6,400 for the year, for monthly payments totalling more than \$530. This means that you could invest a few thousand less and still reach \$500 a month in dividends. Investors should remember that these numbers are just estimates and with dividend payments being in U.S. dollars, there's a lot more room for fluctuation.

A word of caution

While the above strategy could certainly work in achieving dividends of more than \$500 per month, it's important to note that it is nowhere near risk-free. Investors should remember that there is never a guarantee that dividend payments will continue, even when it appears that things are going well.

[Dividend cuts](#) are always possible, especially if the company starts to struggle. We've even seen it happen to strong stocks with good track records of paying and increasing dividends. Ultimately, investors should consider a number of factors and be comfortable investing in the company itself, not just because of the dividend.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. TSX:SGR.UN (Slate Retail REIT)

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