



1 Simple Way to Make \$1,000 of Passive Income a Month

Description

It's marvelous to generate passive income to complement your active income. It's like hiring someone to work for you, except you only pay him once.

Simply buy quality dividend stocks when they're priced at good valuations and then hold them forever. So, you only have to pay that commission fee once and earn passive income for life.



Right now, **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) is compelling after correcting about 15% from the 2017 \$80 level.

Why Scotiabank is quality

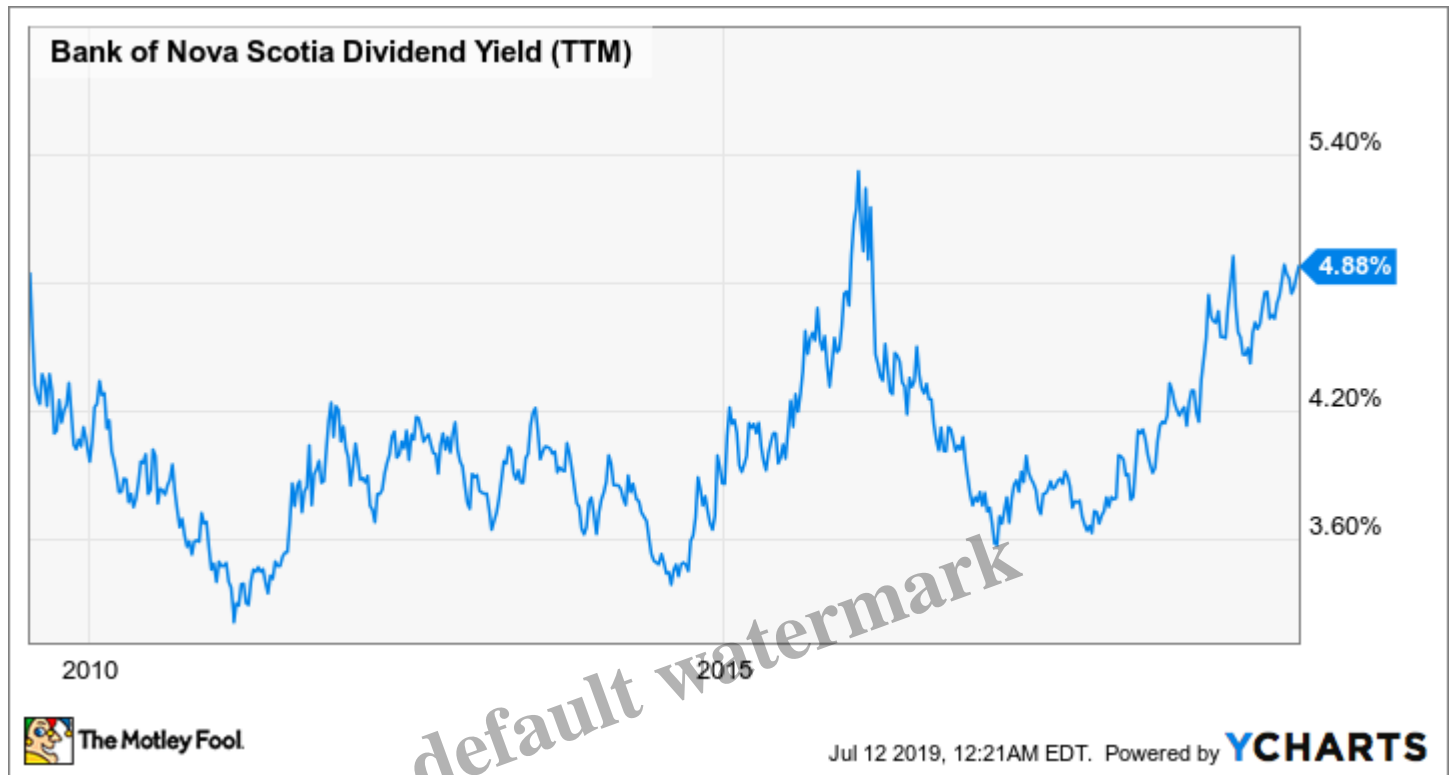
Scotiabank is a quality dividend stock. It has paid dividends *every single year* since its foundation in 1832 and has paid an increasing dividend in 43 of the last 45 years.

The big Canadian bank stock is currently good for a 4.93% yield. This is very attractive — a boost of about 78% in income — compared to the Canadian stock market's yield of roughly 2.8%.

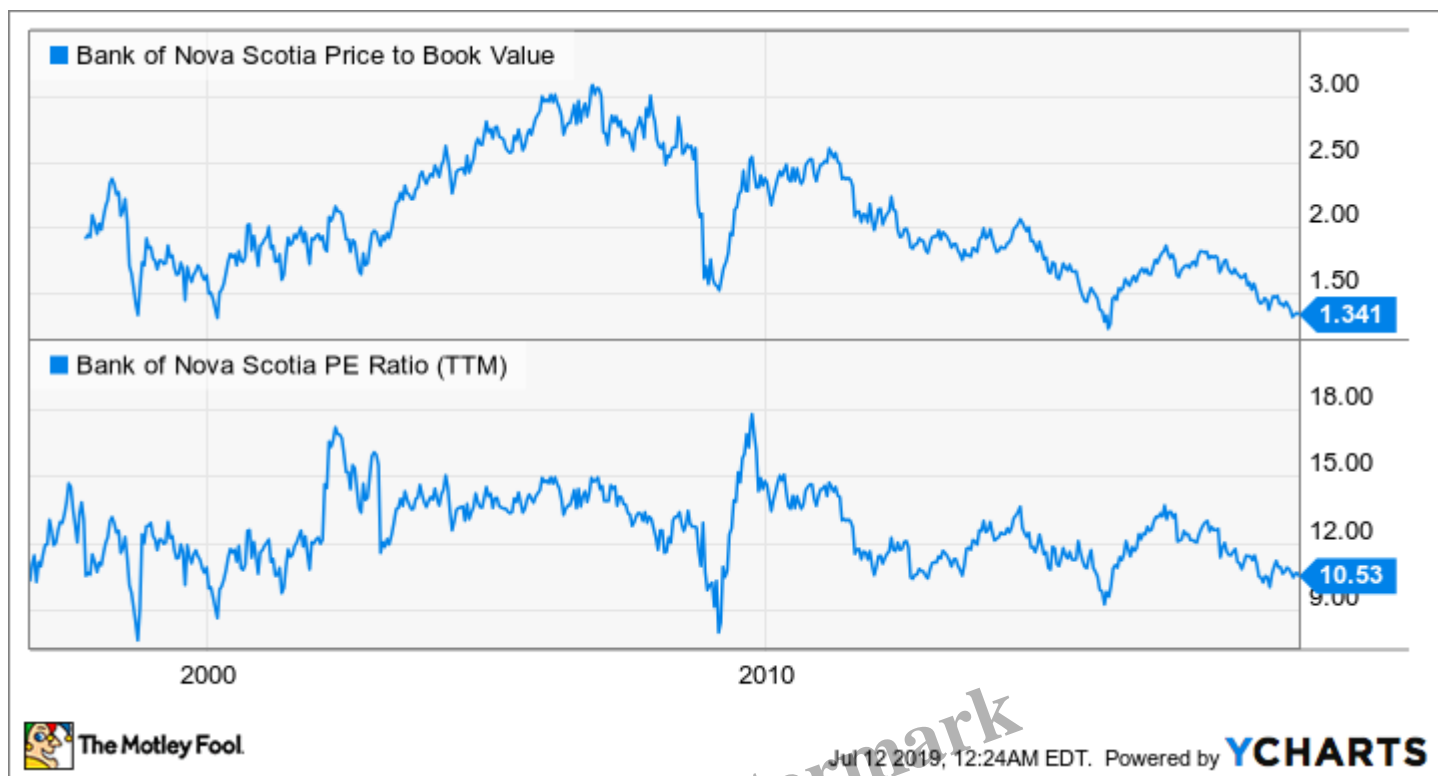
Additionally, Scotiabank's earnings steadily grow on a per-share basis over the long term. Its stock price largely follows the path of its earnings growth except for occasional corrections that make the

stock a bargain, as it has experienced now.

The yield and valuation that it offers today are some of the best yields and valuations that the bank has ever offered!



BNS Dividend Yield (TTM) data by YCharts. BNS's yield history.



BNS Price to Book Value data by YCharts. BNS's valuation history.

Why the bank's dividend is safe

You want to get passive income from safe dividends, so you don't get those nasty dividend cuts that are way too common in the stock markets.

Here's why Scotiabank's dividend is safe. Its core business, its Canadian operations, pretty much covers for its dividend. As well, it also generates earnings internationally, with a focus on higher-growth emerging markets in the Pacific Alliance countries, where there's severe underbanking. The bank's actual payout ratio is less than 50%, making its juicy dividend secure.

How to make \$1,000 of passive income a month

To get \$1,000 per month from Scotiabank, invest about \$243,408 at the stock price of \$70.52 per share as of writing. However, if that's all you're investing in your portfolio, that's too much concentration in one stock.

You don't want to put all your eggs in one basket. You shouldn't just stop at having one dividend stock to generate your passive income. Instead, you can divide that +\$243,000 into 10-15 quality dividend stocks.

That way, you wouldn't be paying too much in commission fees, but you'll have your hard-earned capital well invested. Make sure your chosen stocks are diversified across different sectors. Utilities, banks, [REITs](#), energy infrastructure companies, and telecoms are common places to invest for [secure passive income](#).

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing
4. Stocks for Beginners

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