



How to Make \$6,627 in Extra Income Every Year

Description

Everybody wants extra income, but not everyone is willing to work for it. The effort involved in generating additional income doesn't just include working to get a paycheck; it also includes building strict and consistent savings habits. But if you already have a steady income and are willing to stick to a savings schedule, you could be making an extra \$6,627 in *passive income* every year. This isn't a get-rich-quick scheme, but it's proven to work.

Automate your savings

The first thing everyone wants to know is where to invest. That's an important consideration, but the first step is to [automate your savings](#). That means *automatically* depositing funds into your investment account on a regular schedule. Don't trust yourself to do this manually each and every month. Most brokers have options for automatic investment schedules, which trigger withdrawals from your banks account on a regular basis. This doesn't sound like an Einstein-level approach, but trust me, it's the top proven way to accumulate savings over the long term.

Why not start right now? If you have a brokerage account, make sure it's linked to your savings or checking account. If you have a retirement account, you may be able to withdraw the funds from your paycheck before it even hits your bank account. Find a monthly sum that works for you, even if it seems low, and establish an automatic investment schedule.

If you're able to stash away \$500 per month, you'll be well on your way to generating \$6,627 in extra annual income. If you can't manage \$500 every month, don't worry — start small and work upwards at your own pace. The most important thing is simply to get the automatic investments started. From there, the math is pretty easy.

Where to invest

Now that you've set up an automatic investing schedule, let's figure out how quickly your passive-income stream will grow. This takes time, but with automatic investments up and running, all you have

to do it wait.

Let's assume you're investing \$500 per month. How long will it take to create a \$6,627 annual income stream? With stocks like **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)), it actually doesn't take that long. Since 1981, Enbridge stock has returned more than 4,000%. Its glory days are likely over, but over the decades, the company has established a fortress-like business model that generates huge amounts of cash.

Today, Enbridge shares pay a dividend of 6.3%. Management targets double-digit returns on capital, and given the favourable supply-and-demand dynamics over the next decade, it's reasonable to believe shares could return 10% or more annually. This is your ticket to riches.

If you sock away \$500 per month into Enbridge stock, earning 10% annually, you'd wind up with roughly \$40,000 after five years. Not bad, but not enough to generate thousands in extra income. However, after 10 years, you'd have \$105,187 in savings. Now, 10 years may seem like a long time, but with automated savings, it's less painful than you'd think. Assuming a steady 6.3% dividend yield, a \$105,187 nest egg would generate \$6,627 in annual income. And that's not even including future capital gains.

Of course, this exercise is more difficult in practice, but it's been successfully copied by thousands of other investors. While others hope for a lottery ticket win, you can trust the math and grow your savings the proven way. It still takes time, but a \$6,627 yearly bonus is within reach if you start today.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
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