How to Make $100 a Week in Passive Income

## Description

Earning passive income is one of the best feelings. You have worked so hard to earn your money, been disciplined enough to save it, and now it's time your money went to work for you to begin compounding and building a massive snowball effect.



This compounding can be rapidly increased by saving on dreaded tax expenses with registered tax-free investing accounts.

The TFSA is a great tool for investors to use to help build your nest egg and grow your savings. If you are lucky enough to have the full contribution room of $63,500, your portfolio only needs to yield roughly 8.2% annually for you to earn $5,200 a year, which is $100 a week.

Luckily, there are a number of high-quality stocks that pay dividends at or above 8.2%, so here are two stocks to consider adding to your portfolio to boost your total overall yield.

# Chesswood

**Chesswood Group** (TSX:CHW) is a specialty finance company that operates across North America. It's a small-cap stock with a market cap of just $165 million.

Chesswood derives its income through three main companies, all that offer leasing and financing services to businesses.

Pawnee Leasing Corporation, its largest company, generates about 80% of Chesswood's total operating income. It offers equipment financing to small- and medium-sized business across the lower 48 states in America.

Chesswood also has non-prime and prime equipment leasing operations in Canada as well.

Its trailing 12-month earnings per share is $1.06 versus an annual dividend of just $0.84 that pays investors monthly. This gives Chesswood a payout ratio just under 80%, which is pretty reasonable in today's conditions.

While it's understandable that investors may be nervous about the stability of its dividend in the current economic environment, Chesswood itself has given no reason to doubt it.

Its past performance and operational success should not be discounted, and despite a potentially tough operating environment going forward, it has some of the best management in the business.

For investors seeking exposure to finance companies, Chesswood is a top consideration, seeing as it has impressive return-on-equity numbers that are consistent, without the major leverage that banks need to achieve the same returns.

## Pizza Pizza

**Pizza Pizza Royalty** (TSX:PZA) is another quality stock to consider for investors seeking a high-yield dividend. It derives its income from the royalty it receives from the Pizza Pizza and Pizza 73 restaurants in its royalty pool.

In recent quarters, investors have gotten more nervous about the payout ratio creeping up slightly, but because of the way it derives its revenue from a top-line royalty, the chances of a cut are slim.

What's even more reassuring is that on the off chance it does have to trim the dividend, the cut would be very minor — I'd estimate less than 5%. Pizza Pizza doesn't think it will come to that, as it has a cash reserve for this exact reason and because it's been working extremely hard to drive more sales.



It's done a tonne of work to revamp its menu as well as improve its digital services to make ordering as easy as possible for customers.

Today, the dividend yields roughly 8.9%, which is one of the highest dividend yields in Canada.

## Bottom line

Finding high-yield stocks always comes with an added level of risk, but doing your due diligence and making sure the cash flow that funds the dividend is sustainable can heavily reduce that risk.

These stocks are some of the highest-paying stocks that are in great shape, and should continue to provide these attractive payouts as long as they can continue their run of high-quality execution.

**CATEGORY**

1. Dividend Stocks
2. Investing

**TICKERS GLOBAL**

1. TSX:CHW (Chesswood Group)
2. TSX:PZA (Pizza Pizza Royalty Corp.)

**PARTNER-FEEDS**

1. Business Insider
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