Retirees: Boost Your Passive Income With These 3 Simple Steps Today

Description

Generating a passive income in retirement can be a challenging task. That's especially the case at the present time, when mainstream assets such as bonds, property and cash offer relatively low yields in many cases.

However, by focusing your capital on dividend stocks that have the potential to grow their shareholder payouts over the long run, it may be possible to boost your passive income in retirement. This could lead to greater financial freedom, as well as a more sustainable income return when inflation is factored in.

Dividend stocks

While in previous decades mainstream assets such as cash, bonds and property have been popular routes to generating a passive income in retirement, dividend stocks appear to offer a more compelling income outlook at the present time.

Reasons for this include low interest rates that have pushed bond yields and the return available on cash significantly lower. Rising property prices over the last decade also mean that property may fail to offer the returns that is has in the past on valuation grounds.

However, with the stock market appearing to offer good value for money following a period of volatility during 2019, there appear to be numerous high-yielding stocks available that could boost your passive income. As such, focusing your capital on higher-yielding stocks instead of other mainstream assets could be a sound move.

Payout ratio

Furthermore, it is possible to select dividend-paying stocks with the greatest potential to raise shareholder payouts over the long run. One means of achieving this goal could be to invest in companies that have relatively modest dividend payout ratios. This is where they pay only a limited amount of their net profit to shareholders as a dividend.

Investing in such companies could be a means of accessing a relatively fast dividend growth rate. Not only could their dividend be boosted by bottom-line growth, it may rise at a faster pace as the company becomes increasingly mature and finds it more challenging to unearth growth opportunities that require a reinvestment of capital. This could lead to a relatively brisk pace of dividend growth, as well as a more sustainable dividend due to it being highly affordable.

Growth trends

Another means of boosting your passive income in retirement is to invest in companies that are capable of accessing long-term growth trends. This may, for example, involve investing in sectors that have the capacity to benefit from a growing and ageing world population, as well as a rise in spending levels across emerging markets.

Companies that stand to benefit from such long-term growth trends may enjoy a tailwind over the coming years that enables them to raise dividend payouts. Since investing in a broad range of stocks that operate in a variety of sectors and geographies is becoming easier due to lower costs and increasing globalisation, now could be a good time to diversify your portfolio in order to access an improved rate of dividend growth that boosts your passive income.

CATEGORY

1. Investing

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Investing

Date
2025/07/04
Date Created
2019/10/25
Author
peterstephens