



TFSA Investors: How to Generate \$100 a Week in Free Income

Description

Could you use an extra \$100 a week in income? Almost everyone could, but most aren't willing to do the work necessary to get it. It's not that difficult, though. In fact, you can achieve \$100 per week in [free income](#) with very little effort. All you need to do is a little math and preparation.

With 52 weeks in a year, getting \$100 in weekly bonus income requires generating a \$5,200 annual stream of cash. The average interest rate on a Canadian bank account these days is only around 2%. If you only earn 2% in annual interest, you'd need a nest egg of \$260,000 to generate \$5,200 in annual income.

But what if you earned more? If you were able to earn 4% in interest, you'd only need to save up \$130,000. That's still a large sum, but it's certainly a lot easier than if you earned just 2% in interest.

Let's shoot even higher. If you could attain an interest rate of 6%, you'd need just \$87,000 to generate \$100 per week in bonus cash. That raises the question: how do you get 6% in yearly interest? Plus, how do you build up the initial \$87,000?

More than math

We know the math. Now we need to understand how to execute.

The first step is to figure out how much interest you can reliably generate. Forget bank accounts. Instead, focus on dividend stocks. These stocks pay out regular cash (often monthly) using internally generated earnings. Basically, the company earns money and, instead of keeping it, opts to distribute it to shareholders.

If you want high, sustainable dividends, stick with pipeline companies. These businesses operate pseudo-monopolies, have impressive pricing power, and are largely insulated from swings in commodity prices. Canada has some of the best pipeline stocks in the world. **Inter Pipeline** pays a 7.9% dividend, **Enbridge** pays a 5.9% dividend, and **TC Energy** pays a 4.5% dividend.

If you own an equal share of the companies above, you'll earn an annual dividend rate of around 6%. If you have \$87,000, you can generate \$100 a week in free income from these stocks *for life*. But how do you accumulate \$87,000?

Do the work

Math is easy, but saving is tough. Saving up \$87,000 may seem impossible, but it isn't. Yet again, all you need to do is a little math.

If you invest \$100 per week, earning the long-term stock market return of 10%, you'll accumulate \$87,000 in just 10 years. Waiting a decade may seem impossible, but you're then set up with a permanent weekly bonus of \$100. Trading 10 years of \$100 weekly *payments* for an infinity of \$100 weekly *earnings* is a good deal, depending on your age.

There's no magic button you can press to earn \$100 in bonus cash every week. You have to be willing to do the work. But as the math above shows, if you can diligently save, you can reap the benefits for the rest of your life.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

POST TAG

1. Editor's Choice

PARTNER-FEEDS

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

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

Tags

1. Editor's Choice

Date

2025/08/10

Date Created

2019/12/06

Author
rvanzo

default watermark

default watermark