



Passive Income: How to Make \$10 a Day in 2020

Description

The cost of living consists of rent/mortgage, food, transportation, utilities (electricity, gas, hydro), mobile phone plan, and the internet. These are all necessities. Oh, and, of course, there's the occasional shopping for clothes. In any case, these costs add up quickly.

What if you can generate passive income of \$10 a day in 2020 to help offset these costs? Don't take the \$10 lightly. In the span of a year, \$10 a day adds up to \$3,650, and it can easily cover your cell phone plan and perhaps even your internet and utility bills.

How can you make \$10 a day without working?

The simple answer is to use money to make money — in other words, investing.

Some people rent out properties to earn rental income. You'll earn more than \$10 a day for sure. However, you'll be carrying debt, which may weigh on you. Moreover, it's not genuine passive income if you need to handle requests from tenants, such as getting the toilet fixed.

To earn income without lifting a finger, consider dividend stocks. There are safe dividend stocks with yields of 5% up for grabs with the tendency to increase dividends over time. Gathering a portfolio of these dividend stocks and holding about \$73,000 worth will generate \$3,650 a year (or \$10 a day) of [passive income](#).

All you have to do is buy the shares and hold them. It requires no additional work on your part! After buying shares, you rely on the wonderful businesses to continue churning out profits or cash flows to pay you safe dividends. The time elapsed will allow your money (i.e., your investment) to compound, rolling bigger and bigger over time.

A dividend stock with a 5% yield

Pembina Pipeline ([TSX:PPL](#))([NYSE:PBA](#)) has provided transportation and midstream services to

North American energy companies for more than six decades.

Its recent acquisition of Kinder Morgan Canada and the cross-border Cochin pipeline allows Pembina to enhance its offerings, including increasing its crude oil storage capacity significantly by 9.6 million barrels to 23.8 million barrels, to its customers.

Pembina's pipeline and gas processing capacities have now reached roughly 3.2 million barrels of oil equivalent per day and 6.1 billion cubic feet per day, respectively.

Pembina stock is an outperformer. In the past 10 years, it delivered total returns of about 15%, beating the U.S. market by about 2% in the period.

Currently, Pembina offers a monthly dividend of \$0.21 per share, which equates to an annualized payout of \$2.52 per share. Management targets a fee-based distributable cash flow of less than 100%. The recent payout ratio was roughly 78%, whereas it was more than 100% as recent as 2017. Therefore, the dividend safety has improved.

Buying 1,448 shares will allow you to generate annual passive income of \$3,650.

Investor takeaway

When it comes to building a passive-income stream from dividend stocks, feel free to start small and think big. It's incredible to think that earning \$10 a day is equivalent to earning \$3,650 a year.

Aiming for a 5% yield, you don't need to a huge portfolio. Only \$73,000 worth of stocks will do the trick! You can diversify this portfolio across five stocks or so, starting with Pembina, **Bank of Nova Scotia**, and [A&W](#).

CATEGORY

1. Dividend Stocks
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4. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:PPL (Pembina Pipeline Corporation)

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