Is Your $2,000/Month CERB Expiring? Here's How to Build a Better Passive-Income Stream

Description

The third phase of Canada Emergency Response Benefit (CERB) applications began in early May and will stretch into the first week of June. Canadians need to remember that the CERB program only stretches for four months. That means that applicants who started receiving the CERB backlogged from March onward will see the program expire in July. Jobless numbers have skyrocketed, and many Canadians will still be in financial trouble in less than two months' time. While other programs are available, Canadians should also explore how to establish passive income.

How to build a passive-income stream

Back in February, I'd discussed how Canadians could start to build their passive-income empire in 2020. Today, we are going to revisit two of those strategies — investing in REITs and high-yield dividend stocks. The CERB program currently offers a $500/week taxable payment to eligible applicants.

Presently, the cumulative contribution room in a Tax-Free Savings Account (TFSA) is $69,500. With some shrewd allocation, Canadians can establish a passive-income stream in their TFSA that will pay them hundreds of dollars on a monthly basis. Even better, that income will not be taxable.

These REITs can still power income in your portfolio

Canada's real estate sector has taken a beating in this crisis, but real estate investment trusts (REITs) are still viable for income investors. REITs are a great way to build a passive-income stream, especially in a TFSA.

RioCan REIT is one of the largest REITs in Canada. Shares of RioCan have dropped 41% in 2020 as of close on May 27. Many in real estate expected catastrophe in the rental space due to the COVID-19 pandemic and the avalanche of job losses. So far, a rent apocalypse has not occurred.

This is good news for RioCan and its peers. The stock last possessed a favourable price-to-earnings (P/E) ratio of 6.8 and a price-to-book (P/B) value of 0.5. RioCan last announced a monthly distribution of $0.12 per share. This represents a monster 9.5% yield. A roughly $20,000 investment in RioCan can net investors over $150/month in dividends.

Northwest Healthcare Properties is a REIT that provides investors with access to a portfolio of high-quality healthcare real estate. Its stock has dropped 8.5% so far this year. However, shares were up 11% week over week at the time of this writing. Even still, Northwest Healthcare REIT boasted a favourable P/E ratio of 10 and a P/B value of 1.2.

The stock last paid out a monthly dividend of $0.06667 per share, representing a tasty 7.5% yield.

One healthcare monthly dividend stock

We are going to stay on the topic of healthcare as we look to our final dividend stock that will churn out monthly passive income. **Extendicare** (TSX:EXE) provides care and services for seniors in Canada. The COVID-19 pandemic has highlighted the desperate need for more investment in long-term-care facilities across Ontario. Demographics will drive demand for the services that Extendicare offers in the years to come.

Shares of Extendicare last possessed a P/E ratio of 15, which is in good value territory relative to industry peers. The stock last paid out a monthly distribution of $0.04 per share, which represents a strong 8.4% yield.

CATEGORY

1. Dividend Stocks
2. Investing

PARTNER-FEEDS

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

Category

1. Dividend Stocks
2. Investing

Date
2025/08/17
Date Created
2020/05/30
Author
aocallaghan