CRA's CERB Is Temporary — But This $2,000/Month Is Permanent!

Description

Through the CERB, the CRA is providing emergency financial support of $2,000 per month to Canadians whose employment is impacted by COVID-19. However, this relief income is quickly expiring.

For some Canadians, it's ending as early as July.

Last month, to substantially slow the spread of COVID-19, non-essential services had to be shut down and almost two million jobs disappeared in the Canadian economy, resulting in the Canadian unemployment rate spiking to 13% — a rate last witnessed in December 1982.

Rather than relying on CRA's CERB that's temporary, wouldn't it be awesome to generate passive income of $2,000 per month (or more) that's permanent?

It's simple to get the passive income started. Here's how.

From savings to passive income

If you've been working for a few years (or longer), you likely have accumulated some meaningful savings. If not, it's not too late to start saving a part of your take-home money.

For instance, saving $200 a week leads to $10,400 a year or $52,000 over five years. Even better, once you start investing your savings for passive income, your $200 a week will turn into something much bigger in time. It'll be much like a snowball rolling down a snowy mountain.

By saving and investing $200 a week for a reasonable 6% return every year, you'll arrive at $62,143 in five years, almost 20% more than the $52,000 you put in.

If you do this for 15 years instead, you'll arrive at a nice fortune of $256,594, 64% more than the $156,000 you put in.

If you have savings that you don't need for the next six months, you can get your passive-income, money-making machine moving immediately!

Increase your income now

This year is the opportunity of a decade for investors to get rich yields from REITs!

H&R REIT is down about 50% year to date. Its dividend is much more manageable after it cut it by 50%. Currently, it offers an annualized dividend of $0.69 per share, equating to a yield of 6.4% at $10.72 per share.

Its office, industrial, and residential properties are doing fine with occupancy rates of 90% to 100%. Its retail properties are what's pressuring the stock.

By buying today, investors are locking in a yield on cost of more than 11% under a normal market.

SmartCentres REIT is a retail REIT that's transforming into a diversified REIT with intensification projects that include office towers, condos, apartments, and self-storage assets.

Its properties are 100% anchored by a grocery store or pharmacy, which are essential services during COVID-19.

At $21.02 per share, SmartCentres yields 8.8%. However, it only collected about 70% of rents in April and May. So, there's a chance that it could temporarily cut its dividend by up to 50%.

By buying these cheap REITs in your TFSA today, you can generate high monthly passive income right away tax-free! But that's not all. Because they're absolutely undervalued, you'll likely experience generous gains in a year!

The Foolish takeaway

No one knows when the next macro events will cause mass unemployment and affect *your income*. What's certain is that there *will* be such events in the future.

Don't leave your income vulnerable like that. Instead, use passive income to complement your active income. This way, if you lose your job, take a break, or go on an extended vacation, you'll still have passive income rolling in.

In fact, with the habit of diligent saving and investing, the passive income you generate can eventually more than replace your active income!

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