Worried Your $2,000/Month CERB Will Expire? Here’s How You Can Build a Passive-Income Stream

Description

The Canada Revenue Agency (CRA) has offered emergency financial support to millions of Canadians affected by the COVID-19 pandemic. One such emergency measure is the Canada Emergency Response Benefit (CERB).

The CERB pays eligible Canadians $2,000/month up to a period of four months. The fourth phase of the CERB applications has just begun, which means applicants who started receiving these payments backlogged from March will see this program expire by the first week of July.

The CERB support is unlikely to be extended, despite the country’s unemployment rate of 13.7%. The economy might take a long time to revive and reach pre-COVID-19 levels, which means there will be more pain ahead for Canadians.

However, people who invested in equity markets over the past decade would have seen their wealth grow over time. In case you have meaningful savings that you don’t need in the next few months, you can invest it in dividend-paying stocks to generate a passive-income stream and replicate CERB payouts.

This Canadian healthcare REIT can substitute CERB payments

Investing in top-quality dividend stocks is one of the best ways to generate a recurring revenue stream. You can invest in Canadian real estate investment trusts (REITs) such as **Northwest Healthcare** (TSX:NWH.UN).

This REIT stock is trading at $11.8, which indicates a forward dividend yield of 6.8%. Similar to most stocks on the TSX, Northwest Healthcare has been volatile in 2020. It fell from a record high of $13.34 to a multi-year low of $6.27 between February and March 2020. Since the end of March, NWH stock has surged close to 90%.

Northwest Healthcare provides investors access to its portfolio of quality real estate properties. Its diversified portfolio consists of 183 income-generating properties totaling 15 million square feet of gross leasable area.

Northwest Healthcare has 1,842 tenants spread across Canada, New Zealand, Australia, Germany, and Brazil. Health care is a recession-proof industry, and we can see why the stock rebounded in double-quick time to trade close to record highs.

NWH is the largest non-government owner and manager of medical office buildings in Canada. Northwest has 56 properties in Canada with a presence in large cities, including Toronto, Montreal, Calgary, Quebec City, Halifax, and Edmonton.

In the first quarter, Northwest Healthcare reported sales of $96 million — a rise of 3.8% year over year. The adjusted funds from operations per unit rose by 3.7% to $0.21 in Q1. The REIT recorded an occupancy rate of 97.3% while its international occupancy rate was higher at 98.9%. Its weighted average lease expiry rose 1.4 years to 14.4 years.

Northwest was one of the best stocks to buy on the dip. Its focus on expansion and acquisitions makes it attractive to growth investors as well.

The Foolish takeaway

The CERB payment of $2,000/month for 16 weeks will mean you generate $8,000 in government benefits. But we know this payout is temporary. However, the passive income you generate from dividend stocks can last forever.

An investment of $120,000 in a portfolio of stocks such as Northwest that yield 6.8% can generate over $8,000 in annual dividend payments.

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araghunath