



How Can You Earn More Passive Income Than CRA's \$2000/Month CERB?

Description

The CERB (Canada Emergency Response Benefit) was launched in April to help Canadians who were impacted due to the COVID-19 pandemic. The CERB paid \$500 a week to eligible Canadians for an initial period of 16 weeks. As unemployment rates spiked and the dreaded virus continued to wreak havoc on individuals and businesses alike, the federal benefit was extended by another eight weeks.

The Canada Revenue Agency (CRA) pays close to \$17 billion a month in CERB benefits to Canadians. While the benefits extension might bring temporary relief to recipients, it has put a huge burden on federal reserves which might make another extension unlikely.

Canadians need to create their own CERB payout and ensure a steady and predictable passive income stream so that you can secure your future.

How to create your CERB?

In order to create a passive income stream, you need your investments to work for you. This means you need to allocate capital to income-generating assets such as real estate, bonds, or equities.

However, investing in real estate requires a significant amount of capital. For example, you can generate about \$2,100 in monthly rentals if you lease out a 600 square foot condo in downtown Toronto. However, you will also have to spend about \$650,000 on average to buy the condo. Additionally, you will also have to pay maintenance and other charges over the years that will reduce your actual payout.

Alternatively, investing in bonds reduce risk significantly. But with interest rates nearing record lows, you will have to allocate over a million dollars to generate \$2,000 a month.

There is another asset class that is considered risky but has also created massive wealth for long-term investors. Equity investing remains a top bet to accumulate wealth for the disciplined investor. With an investment of \$400,000, you can earn up to \$2,500 a month by identifying quality [dividend-paying](#) blue-chip companies.

The ongoing bear market might also help investors buy quality stocks at a lower valuation. Energy giants such as **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) are trading 23% below 52-week highs. This has increased Enbridge's dividend yield to a tasty 7.34%.

This means a \$400,000 investment in Enbridge stock will generate \$29,360 in annual dividend payments, indicating a monthly payout of \$2,450.

Why do you need to invest in Enbridge stock?

Enbridge is a Dividend Aristocrat that has increased dividend payments at an annual rate of 11% since 1995. While the energy sector has been plagued with lower commodity prices, Enbridge's diversified portfolio of assets has helped it tide over the ongoing uncertainty.

In the [second quarter of 2020](#), Enbridge managed to increase EBITDA by 3.2% to US\$3.3 billion. Its distributable cash flow also rose 5.5% to US\$2.43 billion while DCF per unit was US\$1.21.

Enbridge's stellar performance amid a challenging macro environment should comfort investors. Company CEO Al Monaco said, "In the face of the worst energy downturn our industry has ever experienced, the strength and resilience of our assets was demonstrated once again in the second quarter, with solid financial results."

Enbridge's payout for 2020 will be below 70%, while its liquidity stands at a healthy \$14 billion, making a dividend cut unlikely.

While it doesn't make financial sense to allocate \$400k in a single stock, investors need to identify similar companies that have a recession-proof business model with a strong financial profile and a diversified portfolio to park their funds and benefit from dividend payments as well as via long-term capital appreciation.

CATEGORY

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