Worried CRA's CERB Will Expire? Then Get $2,000/Month Here

Description

The Canada Revenue Agency (CRA) continues to pay $2,000 per month to Canadians impacted by the COVID-19 pandemic via the CERB (Canada Emergency Response Benefit). This indicates the CRA pays over $17 billion a month to millions of Canadians grappling with unemployment amid the pandemic.

Last month, the CERB was extended by another eight weeks, increasing the total benefit period to 24 weeks. It means eligible Canadians will be getting a maximum of $12,000 in total CERB payouts.

While the CERB has been beneficial for people during these uncertain times, we have seen how fickle the global economy is. The COVID-19 should be a wakeup call for investors who need to understand that a recession can impact their personal lives without a warning.

It also means you need to focus on creating multiple income streams and not just depend on your employment for payouts. You will be able to generate a passive dividend income stream of $2,000/month by investing in quality stocks. So, what do you need to get started?

In order to generate a passive-income stream, you need to have enough capital to buy quality dividend stocks. While many Canadians have huge amounts of debt, savings are equally important for a rainy day. So, if you want to generate $2,000 in monthly dividend income and invest in a company with a 5% yield, you will need $480,000 in capital.

A top REIT with a 6.9% yield

Northwest Healthcare REIT (TSX:NWH.UN) has a dividend yield of 6.9%. This means to generate $24,000 in annual dividends, you need to invest approximately $350,000 in this REIT. Northwest Healthcare REIT focuses on providing unitholders with access to high-quality real estate investments in seven countries.

Northwest has a diversified portfolio and is part of a recession-proof industry, making it a winning bet, as it will generate a predictable stream of cash flows. This makes a dividend cut unlikely and ensures passive income across economic cycles.

Northwest continues to grow via acquisitions, and its portfolio includes hospitals, medical offices, and facilities. It has 183 income-generating properties in Canada, Australia, Brazil, Germany, the Netherlands, and New Zealand. These properties have an average lease expiry of 14 years with an occupancy rate of 97%.

Northwest allocates a significant portion of earnings towards dividends. This means investors do not have to sell the stock to generate returns. It is an ideal stock to generate passive income, and investors can benefit from long-term capital gains as well.

Do not fall for the dividend trap

You might think that stocks with high dividend yields will help to accelerate passive-income growth at a rapid pace. However, high-dividend-paying stocks might not always be a prudent investment. Generally, stocks with high yields are impacted by sluggish growth or face severe macro challenges.

Companies such as **Chemtrade Logistics Income Fund** have a forward yield of 11.5%. But the stock has also lost 76% in market value since April 2015.

The Foolish takeaway

As stated above, even when we manage to rise from the ashes post COVID-19, there will be another recession that will impact us down the road. However, the ongoing market volatility provides investors with a chance to buy blue-chip companies at cheap valuations, which will create massive wealth over time.

It does not make financial sense to allocate a significant portion of your investments in a single stock. Instead, you need to identify companies that have strong balance sheets, steady cash flows, and low payout ratios that can help them sustain dividend payouts.

Ideally, you can look for stocks that have increased dividends in the past and have enough room to do so in the upcoming decade.

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Date
2025/09/04
Date Created
2020/08/14
Author
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