2 Ways to Earn More Passive Income Than the $2,000 CERB

Description

The $2,000 CERB was a decent sum of money to many Canadians. It's not enough to maintain a lavish lifestyle. Still, for people and families with modest means, it meant the difference between selling assets to feed the family (if the primary breadwinner lost their source of income) and having enough money to get by.

But some people were lucky enough to pass through the COVID-19 pandemic unscathed. If you are one of them, and you also happen to have considerable assets, you can replicate the $2,000 CERB income — even surpass it. There are two ways you can do that.

Become a property owner

If you have enough money to pay down payment on a couple of properties, current interest rates offer an excellent opportunity to become a landowner and start a rental income. It would drain a lot of your resources. To start a rental income over $2,000 a month, you may need to invest about $250,000.

Dividend stocks

You can use the same amount to invest in a couple of dividend stars that are currently down on their luck and trading at a considerable discount. But as a consequence, their yield has become too attractive to pass on. The two stocks are **Exchange Income** (TSX:EIF), and **Slate Retail REIT** (TSX:SRT.UN).

Exchange Income was a decent growth stock before the pandemic and a long-term Dividend Aristocrat . Though it still hasn't lost that title yet, since, despite the harsh economic conditions, the company hasn't slashed its dividends yet. The company especially had a hard time recovering because of its association with the airline industry.

Though EIF has many different businesses under its umbrella, most of them are directly or indirectly connected to the airlines. That means you still get to bag this Aristocrat at a steep 29% discount if you invest $125,000 (half of $250,000) of your funds in EIF, the mouthwatering yield of 7.13%, would convert it into a decent monthly income of about $742 a month.

For the other half of the +$2,000 monthly income, you can go with Slate Retail REIT. The pandemic has been bad for many asset classes, but it has especially been devastating for retail. Factors such as no foot traffic, people preferring to stay home, and less unnecessary buying have accumulated to hurt the retail business and, consequently, retail property owners like Slate.

It means that Slate has an even bigger discount tag on. The stock is trading at a price 32% down from its pre-crash value for $9 per share. But that single-digit stock price comes with a double-digit, monstrous yield of 12.5%. It's enough to turn the rest of your capital, $125,000, into $1,302 a month.

With EIF and Slate combined, that's almost $2,044 a month — a bit more than the CERB payout.

Foolish takeaway

Both companies are trading far below their fair valuation, and if we take a look at the payout ratios, they do look a bit risky. But both companies have strong dividend histories and decent balance sheets. And if you believe that the economy is going to recover soon, then these two are good picks to start a monthly income that's more than the $2,000 CERB payout.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:EIF (Exchange Income Corporation)
2. TSX:SGR.UN (Slate Retail REIT)

PARTNER-FEEDS

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

Category

1. Coronavirus
2. Dividend Stocks

3. Investing

Tags

1. Editor's Choice

Date
2025/07/07
Date Created
2020/08/19
Author
adamothman