Earn More Passive Income Than the CRA CERB by Doing This

Description

The introduction of the Canada Emergency Response benefit (CERB) was an immense sigh of relief to all the country's displaced workers during the pandemic. The government paid qualifying Canadians an equivalent of $500 per week through the Canada Revenue Agency (CRA).

The program was initially supposed to last 16 weeks. With no visible end to the pandemic, the government announced an eight-week extension to CERB. The government is trying to encourage Canadians to return to work as economies gradually open up. It will phase out the CERB after the final four-week extension.

Beyond CERB, Canadians who are still unable to make income can receive help through the CERB alternatives. Since the CERB will end in September, you might have to rely on other passive-income opportunities.

Owning dividend stocks

While the $2,000-per-month CERB was substantial income, you can make more money through other avenues. There are plenty of opportunities out there, but the most straightforward way is to create a dividend income portfolio in your Tax-Free Savings Account (TFSA). Publicly traded companies on the Toronto Stock Exchange pay shareholders a portion of profits as dividend payouts.

You can invest capital in a company to buy part of it. The company will pay you a share of its profits depending on how many units of the company you own. You can take the cash out and use it as spending money. You can also reinvest your dividends to unlock the power of compounding and earn even more.

Before you jump into any dividend stock, you should know that dividends are not guaranteed. Dividend yields keep changing, and the payouts could stop if the company experiences significant losses. The logical choice is to invest in a company with a strong track record when it comes to paying dividends to its shareholders.

An ideal starting point

To earn a passive income more significant than the $2,000 CERB, you need substantial capital invested in a portfolio of dividend stocks with a decent overall dividend yield. If you don't have enough savings to invest in a significant portfolio directly, you can start small and build your capital. Initially, you might want to consider investing in a high-growth stock to grow your wealth, so you can invest it in a diverse collection of stocks.

A stock to begin growing your wealth could be **Kinaxis** (TSX:KXS). The company has had an average annual growth rate of more than 40% in the past six years. It is a supply chain planning solutions provider for enterprise-level companies. It generates revenue through subscriptions from large businesses.

The supply chain world is continually changing. Companies need practical solutions to help grow their business. They require a deep understanding of the complexities of supply chain management to leverage the industry's potential, and that is where Kinaxis comes in. The company uses deep learning to predict demand forecasts for large companies accurately.

Based on its growth rate in the last six years, an investment of $5,000 in the company each year could have theoretically grown to more than $120,000 this year in your TFSA. You can invest in the stock and unlock the power of compounding until you gain a sizable capital to invest in a dividend income portfolio.

Foolish takeaway

Once you accumulate a significant fund to invest in dividend stocks, you can trade in your Kinaxis shares for reliable dividend payers like **Fortis**, **Enbridge**, **Bank of Nova Scotia**, and other stocks.

I think Kinaxis can be an ideal way to begin building the investment capital you need to create a dividend income portfolio to dwarf the $2,000-per-month CERB you received from the CRA.

CATEGORY

1. Dividend Stocks
2. Investing

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1. TSX:KXS (Kinaxis Inc.)

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