Millennials: How to Get $500 in Additional Monthly Income

Description

If there's one thing millennials are, it's unlucky. This generation was born during a recession, entered the workforce during a recession, and are now trying to start a life during both an economic downturn and a pandemic. Meanwhile, while we're great savers, almost half of us don't even have investments.

But there's a way to change your luck today. True, putting money in investments can be risky. But if you have even some cash on hand, millennials can put that cash to good use and get passive income in the form of dividends. You also can put worries of taxes to rest by using a Tax-Free Savings Account (TFSA).

If you're looking to create a passive-income portfolio, it is absolutely possible to bring in monthly income of $500. The TFSA contribution room as of writing is $69,500. If millennials are able to partner up with their partner, that brings the total to $139,000. That's plenty of opportunity to create a strong passive-income portfolio.

Here's your best bet

Millennials need to look for companies that are strong now and will remain strong in the future. There are two reasons for that. First, you want to know that you'll see strong returns from a company if you're going to invest in it long term. As well, you want to be sure that those dividends you're seeking aren't going to be cut any time soon.

For my money, I would look to a company like **Extendicare** (TSX:EXE). The company has 122 long-term-care facilities across the country, with more being built all the time. Of course, the one chink in this company's armour is, of course, the pandemic. Even now, one of the company's facilities announced 31 new cases of COVID-19.

But what you can hope for as an investor is that Extendicare is using government funds to bring an entirely new standard of care to long-term-care facilities. The company is currently preparing for the second wave of a pandemic, stepping up measures to keep residents safe. These measures could stay in place for years and bring a new standard down the line — one that keeps long-term residents safe and healthy longer than before.

The dividends

Right now, the company's payout ratio is far higher than it should be at 147% for the last six months compared to 77% the same time last year. Yet while revenue is still down compared to the same time last year, it has started to rise since the crash occurred. By the end of the year, revenue could reach pre-crash norms, and hopefully so too would share prices.

In fact, economists believe that while earnings per share (EPS) are down 65% for 2020, by 2021 EPS should be back up by 209% by 2021, with sales climbing back to normal levels and exceeding them by 2022.

That means right now investors would get a huge bargain with shares still down 40% and a dividend yield at a whopping 8.53% as of writing. So, while it might take some investment, you can certainly bring in a ton of passive income from this stock.

Bottom line

To bring in $500 of monthly passive income, you'll need annual income of $6,000 from this stock. That would mean at today's prices, you would purchase 12,500 shares in Extendicare. That would be a total investment of $71,000 as of writing. If you were able to split that with your partner, that would be an investment of $35,500 each, still leaving plenty of room in your TFSA to create a diverse portfolio. That's money every millennial could really use right now.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:EXE (Extendicare Inc.)

PARTNER-FEEDS

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

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