



CRA CRB Is Temporary: Do These 2 Things for Reliable Passive Income

Description

Government benefits, especially ones as generous as the CRB, can mean a lot to many low- to medium-income families — especially ones that don't have enough savings or reserves to tap into when they lose their primary income. But no matter how dire your situation is, you can't depend upon government benefits forever. Benefits like the CRB or recently ended CERB are temporary.

If you truly want to secure your financial future, you need to have a passive-income source. Even if you lose your primary income source, passive income may help you make ends meet. There are several ways to start a passive income, but unfortunately, most of them require sizable investments. Otherwise, the passive income would hardly be able to sustain you.

Become a landlord

Rental income is one of the most consistent and common forms of passive income around the globe, and Canada is no exception. With a few decent properties to your name, you can start a decent rental income. The problem is that buying enough properties outright is usually out of the question. And if you have enough for a down payment, most of the rental income might go towards the mortgage payment.

If you can put \$100,000 (20%) down for a half-million-dollar property and manage to generate more rental income than the mortgage and maintenance costs (which is difficult but not impossible), you can start an income. It may not be a passive income per se, but you can start saving the extra amount so that you have some reserve cash to sustain you through a few months if you lose your primary income.

If you want to generate enough passive income to *replace* your primary income, you may need to invest several times more than that and buy the property outright.

Become a passive real estate investor

REITs are an amazing way to invest in real estate without all the responsibility that comes with managing a property. And REITs offer very powerful yields, especially since the pandemic decimated

their valuations. [One of the REITs](#) you can look into is **Plaza Retail REIT** ([TSX:PLZ.UN](#)), a retail-property REIT currently offering a juicy yield of 8.23% at a relatively stable payout ratio of 86%.

If you invest \$100,000 in this company and lock in the current yield, you can get about \$685 a month in dividends. That is not enough to replace a primary income, but it's certainly enough to help you save or build a nest egg. If you don't withdraw your dividends for five years and let them collect for a time when you lose your primary income, you may have about \$41,000 waiting for you when you need it.

It's equivalent to over 20 months of CRB. You can spend more than one-and-a-half years on your own savings, generated by your passive income-producing REIT investment.

Foolish takeaway

Instead of depending upon government funds during economic downturns and market crashes, when your income gets slashed or lost, you can use these times to make a fortune for yourself. If you have enough funds at your disposal, you can invest in good dividend and growth stocks when they are trading at a discount. This will allow you to create nest eggs and start a passive income that will be significantly more lasting than [the CRB](#).

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:PLZ.UN (Plaza Retail REIT)

PARTNER-FEEDS

1. Business Insider
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