



Passive Income: The Key to Financial Freedom

Description

Whether you know it yet or not, passive income is the key to financial freedom. It doesn't matter if you are a soon to be retiree that's preparing for retirement or a young investor looking for financial freedom, passive income is the goal.

Earning passive income means your money is working for you. So, once you have a big enough passive-income stream that can supplement your income, that's when you'll have the option of financial freedom.

Often, investors plan this for retirement in the later years of life. However, with discipline, saving, and quality long-term investments, there's no reason why you can't earn enough passive income to have financial freedom a lot earlier.

The key, like any other income in our lives, is to find streams that are both stable and growing. What we would consider a good, stable job that offers pay increases each year is exactly the same qualities to look for in dividend-paying stocks.

That's why often, the best passive-income-generating stocks you can buy are dividend aristocrats. Here are two of the best to consider today.

Consumer staple stock for passive income

The coronavirus pandemic has reminded us investors how important it is to buy resilient companies that can withstand periods of economic turmoil. That's why one of the top [defensive stocks](#) you can buy for passive income is a dividend aristocrat like **North West Company** ([TSX:NWC](#)).

North West has been resilient because its main business is the operation of supermarkets in remote communities, mostly in northern Canada and Alaska. This business model is very attractive for several reasons, and that's been on display since the pandemic began.

The impressive operations and resiliency of its business have allowed North West to see record

income levels in the last few quarters. It also resulted in investors getting a nice raise when the company increased its dividend payout by 9% in September.

Over the last five years, North West investors have seen their passive-income stream increase by 25%. That's very attractive, especially when you consider the stock is up considerably over that period as well.

So, if you're looking for a stable source of income that will consistently increase its payouts, North West is an ideal stock to consider.

Green energy and utility stock

Another great industry to find continuously growing dividend stocks is the utilities industry. One of the most attractive [utility stocks](#) on the **TSX** is **Algonquin Power and Utilities** ([TSX:AQN](#))([NYSE:AQN](#)).

Just like North West, Algonquin is a highly defensive stock, so it's been perfect for passive-income seekers through the pandemic. Most of its income comes from its utility business, so in the past, Algonquin has been an extremely resilient stock.

However, lately, it's been building its renewable energy infrastructure, which brings with it a tonne of long-term growth potential.

More recently, Algonquin has been raising capital for a massive growth program. This will include both organic growth and the potential for acquisitions. This significant growth program will continue to drive shareholder value higher as well as fund the increasing dividend.

In the last five years, the dividend has been increased by nearly 60%. Plus, its share price has grown nearly 100% over that period, providing investors with substantial growth.

Bottom line

Earning passive income is a great feeling, but watching your passive income grow is even better. These are two top stocks you can buy today to start your passive-income stream.

And soon, as your income starts to snowball, and you continue to find new dividend-paying stocks, you'll be well on your way to financial freedom.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:NWC (The North West Company Inc.)

PARTNER-FEEDS

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Date

2025/08/27

Date Created

2020/11/21

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