



Passive Income: Make Your Money Work for You

Description

One of the most commonly shared goals among Canadian investors is financial freedom. Financial freedom means having the ability to do what you want when you want. This will almost always require you to earn passive income.

In the past, people have generally had to wait until retirement to have the finances to stop working. However, in more recent years, with financial education becoming more widespread, people are retiring earlier as they are learning to save and build high-quality investment portfolios even quicker.

In theory, you can build a portfolio big enough to stop working without dividend stocks. However, it's going to be quite difficult.

In reality, dividend stocks and the passive income they provide will be key to financial freedom. Whether you retire at 65 or as early as 35, having your money earn more money consistently is necessary to allow you to do other things with your time.

Dividend stocks

When looking at dividend stocks, obviously right off the bat, higher yield stocks appear more attractive. However, it's just as, if not more important, to have [dividends that will continue to grow](#) each year.

No matter what you do, your income should always be growing. Employees see this in the form of a raise or promotion. If you're living off passive income, it's going to have to be growing too.

Growing income is especially important, even just to keep up with inflation. That's why a significant portion of your investment portfolio should be invested in high-quality dividend stocks, like those found on the Canadian Dividend Aristocrats list.

These businesses are so strong and are such cash cows that they are able to grow their operations each year. And with the ever-growing income comes with it an ever-growing dividend.

Top aristocrat for passive income

In today's economic environment, one of the top Dividend Aristocrats for passive income seekers to consider is a utility business such as **Fortis Inc** ([TSX:FTS](#))([NYSE:FTS](#)).

Despite positive vaccine news that has recently brought new optimism to financial markets, the economic environment in North America continues to fare much worse.

Many are still unemployed, and with the second wave of the virus looking to be much worse than the first, there is considerable uncertainty over the next few months. That's why you may want to choose a more [resilient dividend stock](#) today, such as a utility stock like Fortis.

Fortis is one of the best utility stocks you can buy. It has a long track record of execution and a diversified asset base with utility assets in many jurisdictions. This is key to reducing risk for investors; after all, one of the main reasons to buy a utility is for defence.

Another reason to buy utility stocks is because they make great dividend stocks for passive income seekers. Utilities businesses are regulated, meaning they are extremely safe. It also means you can expect a fairly significant increase in profits each year.

That's why these stocks are continuously increasing their dividend. Fortis, for example, has now increased its dividend 48 years in a row. That dividend yields roughly 3.8% today, a significant amount for a dividend that's increased yearly.

Bottom line

Passive income is one of the best feelings when it comes to investing. Saving up enough to have your money start working for you is crucial to reaching financial freedom.

So make sure you do your research and buy only the highest-quality dividend stocks. That way, you don't have to worry about your investments, and you can sit back and watch your hard-earned money grow.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. TSX:FTS (Fortis Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin

3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

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