Passive-Income Investing: Make Over $120/Week and Never Work

Description

When this year started, I'd explained why the consistent creation of passive income was a huge milestone for an investor. There are myriad ways an individual can collect passive income. If you can find a way to build up passive-income streams over time, you may never have to work again. Today, I want to discuss how this strategy can set you up for the future and give you some starter stocks to stash in a TFSA. Let's jump in.

Why passive-income investing can set you up for life

As I'd explained in the article linked above, there are many ways to collect passive income. Generating royalties through a published book or other creative endeavour, collecting rental income through real estate properties, starting a digital store through a platform like **Shopify**, and, of course, producing investment income. If you set up multiple successful passive-income streams, you may never have to work a day in your life again.

For passive-income generation through investments, I like a Tax-Free Savings Account (TFSA) to start. Why? Because you pay no tax on income generated in a TFSA. That is a luxury you will not be afforded through other passive-income processes.

Stash high-yield REITs in a TFSA

Real estate investment trusts (REITs) have had a challenging 2020. However, these vehicles still offer attractive income generation. We just need to target the right REITs to set us up for the future.

Inovalis REIT (TSX:INO.UN) is an open-ended REIT that consists of properties that are used for the rental of office space leased to corporate clients in urban areas. The COVID-19 pandemic has put huge pressure on commercial real estate. However, the hope of a vaccine in early 2021 could see employees return to their offices sooner rather than later. Shares of Inovalis have climbed 8.6% month over month.

This office-focused REIT last had a price-to-earnings (P/E) ratio of 4.3 and a price-to-book (P/B) value of 0.6. That puts Inovalis in very attractive value territory. Best of all, Inovalis offers a monthly distribution of $0.069 per share. This represents a monster 9.6% yield.

Slate Grocery REIT is another solid option for passive-income investors who want exposure to the grocery space through a REIT. Grocery retailers have been extremely resilient during this crisis due to their role as an essential service. Its stock has increased 12% over the past month. This REIT last paid out a monthly distribution of $0.072 per share, representing a huge 9.3% yield.

One more dividend stock to shore up the start of your passive-income empire

Beyond REITs, there are also enticing high-yield dividend stocks in the energy space. This is another area for passive-income investors to target. **Keyera** (TSX:KEY) is engaged in the energy infrastructure business in Canada. Its shares have dropped 29% in 2020. Keyera stock boasts a favourable P/B value of 1.6.

This energy stock last paid out a monthly dividend of $0.16 per share. That represents a tasty 8.5% yield. With that in mind, let's carve out our hypothetical.

Inovalis last closed at $8.56 per share. We will purchase 2,685 shares of Inovalis, which is worth just under $23,000. Those shares will pay out a total of $185.26 per month. Slate Grocery last closed at $12.16. We will purchase 1,890 shares of Slate, again worth just under $23,000. This will pay us $136.08 per month. Finally, Keyera last closed at $22.37 a share. A purchase of 1,030 shares works out to just over $23,000. Those shares will pay out $164.80/month in dividend income.

In this hypothetical, we could churn out over $120/week in tax-free income. That is a great start for those looking to start their passive-income empire.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:INO.UN (Inovalis Real Estate Investment Trust)
2. TSX:KEY (Keyera Corp.)

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