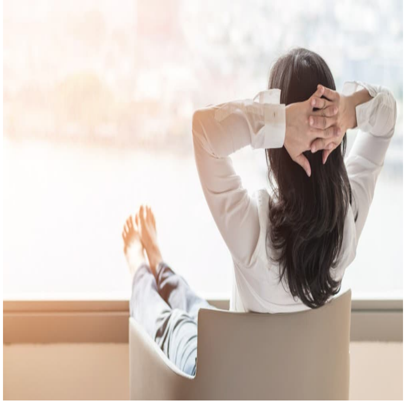

Passive Income for Life in Just 10 Years!

Description

Can you achieve passive income in just 10 years? Considering the fact that most Canadians live paycheck to paycheck, and the costs of living keep increasing every year, this goal may seem impossible. But it isn't. In fact, you can get started with relatively little capital and still achieve passive income within a decade.

A simple three-step process can get you there. Here's what you need to know.

Maximize your Tax-Free Savings Account

The first step is to take full advantage of your TFSA. Most Canadians leave some TFSA contribution room unused every year. Meanwhile, the majority of their contributions are deployed in low-interest savings schemes. A low utilization and low-return strategy will drastically reduce your chances of achieving passive income.

Instead, focus on deploying the full amount ($6,000) or at least close to the full amount ($5,000) each year. That might seem like a tiny amount right now; but by eliminating the tax burden and maximizing returns, you can certainly achieve passive income in 10 years or less.

Invest in high-growth stocks

The next step is to identify and invest in a high-growth stock. Usually, this may be a tech stock with an aggressive growth strategy. **Shopify** (TSX:SHOP)(NYSE:SHOP) is probably the best example. Since it was listed in 2015, the stock has delivered an annual growth rate of over 50%. At that pace, your $5,000 annual investment would turn into $517,000 today.

Very few investors ever achieve a six-figure TFSA, let alone half-a-million dollars. But if you're savvy enough to spot the next Shopify, you can certainly get there in a few years. My bets on the next Shopify are under-the-radar tech stocks like **WELL Health Technologies** and **Drone Delivery Canada** .

Passive-income stock

Once you've accumulated enough capital in your TFSA, the final step is to switch to an income stock. A robust, low-risk dividend stock will help you generate passive income. The fact that these dividends are tax-free makes the passive-income stream more potent.

A good example of a robust dividend stock is **RioCan REIT**. Real estate, of course, is probably the most resilient segment of the economy. Even during this crisis, house prices have barely budged. The insatiable demand for housing is the key reason why RioCan has never cut its dividends in the past 20 years.

At the moment, the stock offers an 8% dividend yield. Investing your $517,000 TFSA in this stock could deliver $41,360 in annual passive income. That's about $3,450 in monthly tax-free, work-free cash flow! Enough to cover basic expenses (rent, food, etc.) in any part of the country.

Bottom line

There's never a bad time to start investing. Even if you're just 10 years away from retirement and have no savings, you can start this three-step process to achieve phenomenal results.

Admittedly, the second step is the toughest one. But even if your performance falls short of the example mentioned above, you could add thousands of dollars in monthly, tax-free passive income by 2030.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:REI.UN (RioCan Real Estate Investment Trust)
3. TSX:SHOP (Shopify Inc.)
4. TSX:WELL (WELL Health Technologies Corp.)

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