



## CRA to Millennials: Earn \$317/Month in Passive Income Without Paying Taxes!

### Description

Millennials have had it rough this year. In fact, millennials have had it rough pretty much any year. This generation was born during a recession, entered the job market during a recession, and now face starting a family and buying a home during an economic crisis and pandemic. Needless to say, the entire group could use some extra [income](#) — especially if it's passive income.

No wonder so many millennials are trying their hand at side hustles. Everyone is simply trying to get by! But here's the problem with a side hustle: it's a business. A business has to pay taxes. Do you know where you don't have to pay taxes to the Canada Revenue Agency (CRA)? Through your Tax-Free Savings Account (TFSA).

Don't have one? Get started immediately. Since 2009, the CRA has added more and more room to the TFSA contribution limit so that this year it hits a whopping \$69,500. Yet that's going to rise even higher come January, when the limit should be increased by a further \$5,000 or so. By using that limit to your advantage, you could bring in passive income each month in the triple digits!

### The millennial problem

Before I get into all that, I have to give it to millennials: you are all great savers. Most have thousands stashed away and are great at paying down debt. It's clear why. With recessions behind and ahead of us, and the debt-to-income ratio at a whopping 216%, millennials don't have time to mess around with cash.

But here's the problem. While millennials are great savers, they are not great investors. This could be because of our baby boomer parents, who were pretty much given passive income without investing. It could be because millennials are too scared to lose what they have. It could be just a simple lack of education. But all these things are solvable!

First, get that TFSA. Next, put cash into it. I don't mean invest right away if you're not ready, but have that cash there. It can be used as a savings account, but it shouldn't be or you'll miss out on that passive income. But while you wait to be ready, start creating a watchlist of stocks that could set you

up for major passive income. Then, when those stocks are ready to buy, your money will be ready and waiting!

## A top choice

The one thing that millennials have ahead of most? Time. You don't have to invest in a risky stock to make a solid amount of cash. You simply have to choose the companies that will set you up for decades. These companies will continue to produce returns, and, on top of that, should offer passive income in the form of dividends.

A great choice to consider would be a company like **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)). This company has been growing through acquisition over the last several years, providing solid revenue growth along the way, even during this downturn. Yet it also has a strong future ahead. That's because the company is also investing in renewable projects, where government and private investment is headed over the next several years.

Algonquin is a fairly cheap stock at around \$20 per share as of writing, so plenty of room for growth for millennials investing now. And, of course, it offers a great dividend of 3.97% as of writing. If history repeats itself, you could see returns of 600% in another decade!

## Bottom line

Let's say you can count on similar returns over the next decade and a solid and steady dividend coming in. That means millennials would see an average 17% compound annual growth rate potentially. If you could just invest \$15,000 today, you could bring in \$607.50 per year in passive income, with another \$3,206 in returns! That would bring your annual total to \$3,813.50, or \$317 per month. Hold that for 20 years, and that suddenly becomes \$508,586.21 with dividends [reinvested](#)!

### CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:AQN (Algonquin Power & Utilities Corp.)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

**Category**

1. Coronavirus
2. Dividend Stocks
3. Investing

**Date**

2025/09/16

**Date Created**

2020/12/04

**Author**

alegatewolfe

default watermark

default watermark