1 Simple Way to Make Passive Income During a Pandemic

Description

Financial freedom in life is a goal shared by most people worldwide. The situation with personal finances in Canada was not too great before the pandemic due to Canadians being alarmingly overleveraged. The onset of a global pandemic came along to make things worse.

Millions of people have lost their jobs, and the short-term prospects are not looking too great. The unemployment rate is beginning to get lower, but it is still at historically high levels. Active income is not easy to come by during this time. However, there are passive-income opportunities that can help you generate some cash flow.

Financial education is improving, and people are trying to save more money. Additionally, Canadians are investing their savings in building high-quality investment portfolios.

Dividend stocks

One of the best ways to secure passive income is through a portfolio of high-quality and reliable dividend stocks. Of course, you cannot just choose stocks with the highest dividend yields and expect them to provide you with growing returns. You need to look for companies that can continue generating more cash flows each year to finance growing dividend payouts to shareholders.

A growing income is necessary, even if you are considering passive income. Income growth helps you keep pace with inflation and helps you secure financial freedom much sooner. Investing in a portfolio of stocks like those in the Canadian Dividend Aristocrats list can provide you with the best bet for securing consistently growing passive income.

Dividend Aristocrats have a dividend-growth streak of at least five years.

A Canadian Dividend Aristocrat

Fortis (TSX:FTS)(NYSE:FTS) might be one of the top names that come to mind when Canadian investors think of the Canadian Dividend Aristocrat list. Fortis has an incredible dividend-growth streak flirting with half a century.

The Canadian utility sector operator began increasing the payouts to its shareholders 47 years ago. In today's economic environment, this makes Fortis one of the top dividend-paying stocks in the country. It is a strong business that has been generating predictable and strong cash flow over the years.

Most businesses have suffered significant loss of income during the pandemic. Canadians had to cut down on their expenses as much as possible to secure finances for their essential needs. Fortunately for Fortis investors, the company's service is one of those essential needs. No matter how bad the economy gets, people will still need their gas and electricity supply.

Almost the entire revenue for the company comes through highly regulated and long-term contracts. Fortis has been using its cash flows to fund projects that can increase its revenue generation further and finance continually growing dividends.

Foolish takeaway

Dividend income is among the best ways to secure a passive income stream. Creating a portfolio of reliable dividend stocks and storing it in your Tax-Free Savings Account (TFSA) can let you enjoy your passive income tax-free.

With its impressive dividend-growth streak and plans to continue increasing its payouts, I think Fortis makes an excellent stock to begin building a tax-free, passive-income portfolio in your TFSA. You can accumulate your dividend income in the TFSA or reinvest it when you are earning active income. By the time you retire, you could become a very wealthy investor.

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