



## To-Be Retirees: Invest \$50 Per Month and Get \$100 Monthly in Passive Income

### Description

I meet a lot of people who think that investing and stock markets is a rich peoples' game. But that's incorrect. You don't have to have a big fortune to invest and make money in stock markets.

You can start with as little sum as you are comfortable with. And with disciplined long-term investing, you can achieve financial independence in your later years.

Passive income is earnings that need very little or no effort to earn. Once your regular business or salary income ceases after retirement, one can earn [passive income](#) throughout their life with stock markets.

### Top TSX stocks for passive income

For example, suppose you invest \$50 per month in a quality TSX stock like **BCE** ([TSX:BCE](#))([NYSE:BCE](#)). If the stock manages to grow roughly based on its historical average, the reserve you would generate after 15 years would be close to \$22,347.

If you invested \$9,000 (\$50/month for 180 months), that would have grown to \$22,347. That's the magic of compounding.

But why BCE? BCE is Canada's top telecom company that offers stability. Its established operations enable predictable and visible earnings. That's why you will hardly see large sways in its stock price like a volatile tech stock.

BCE has consistently returned 12% on average for the last several years. It pays reliable [dividends](#) and yields more than 6% at the moment.

Interestingly, BCE will begin paying dividends since your first investment. As your investment duration increases and as your corpus grows, the dividend payments will keep on increasing.

When your reserve grows to \$22,347 per our above calculation, the dividend amount will increase to

\$1,340 per year, indicating monthly payouts of \$111.

Investors should note that the main reserve or the principal investment will not deplete over the years as you receive the periodic dividend payments.

## The higher the reserve, the higher the payout

Consider top utility stock **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)). It has returned almost 21% per year for the last decade. Thus, your \$50 monthly investment in AQN would grow to \$47,000 after 15 years based on its historical performance.

Generally, utility stocks grow slowly compared to broader markets. However, AQN has substantially outperformed its peers because of its higher renewable operations and higher earnings growth.

Algonquin is a \$12 billion safe and stable utility company. Like BCE, Algonquin generates stable earnings and pays stable dividends. It has increased dividends for the last 10 years and yields 4% at the moment.

A \$47,000 investment in AQN stock would generate \$1,880 in dividends per year. That's roughly \$157 per month.

One can also consider investing in relatively riskier tech stocks that offer higher return potential. A relatively younger investor, with decades until retirement, can invest in riskier stocks to create a bigger reserve. This reserve can then be moved to defensive dividend stocks to create a lifelong passive income.

## In a nutshell

Stock markets are inherently volatile. Sometimes the stock you pick might underperform markets, while it might outshine in some years. However, if you consistently invest for the longer term, although a very small amount, it overwhelmingly increases your chances of wealth creation.

### CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing
4. Stocks for Beginners

### POST TAG

1. Editor's Choice

### TICKERS GLOBAL

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

4. TSX:BCE (BCE Inc.)

## **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
4. Stocks for Beginners

## **Tags**

1. Editor's Choice

## **Date**

2025/08/24

## **Date Created**

2020/12/17

## **Author**

vinitkularni20

default watermark

default watermark