



Passive-Income Investors: How to Make \$13.5 Per Day in 2021

Description

This year, the pandemic left many Canadians jobless. While the Canada Revenue Agency (CRA) offered unemployment benefits, approximately 317,000 unemployed Canadians exited the labour force in [November](#). This is just the November data of Statistics Canada. Even you can exit the labour force as early as 2021, irrespective of your age. I bring a way to earn \$13.5 per day in passive income. I know it is not much, but it can grow to \$21 per day by 2030. And this is just from \$5,000. There are many other investment alternatives.

When is the right time to retire?

Many people have this preconceived notion that you retire when your hair turns grey. The CRA has set the official retirement age at 65. That is the age when it gives you Old Age Security (OAS), Canada Pensions Plan (CPP), and [age amount](#) tax credit.

But passive-income investors don't want to wait that long. They want to retire in their late 30s or early 40s and give time for their dreams and hobbies. Hence, they try to maximize their earnings in the 10-15 years they work.

The CRA started Tax-Free Savings Account (TFSA) during the 2009 financial crisis. It allows you to invest \$5,000 in TFSA every year. For that year, you are taxed on that \$5,000 and nothing after that. It has increased the TFSA contribution limit to \$6,000 for this year and next.

If you invested \$5,000 in **Shopify** IPO back in May 2015, you would have \$140,000 in your TFSA today. That's a decent amount to take a career break. But you can maximize on this as well. This is the right time to cash out some profits from your high-growth investment. The stock will likely fall 20% when the pandemic eases and the Santa Claus Rally fades in February.

Start your passive income here

Encash \$60,000 from your TFSA investment and invest it in some passive-income stocks. The

pandemic has created a once-in-a-decade opportunity to lock in dividend yields as high as 8.5%. The dividend yield surged, as these stocks took a hit on their cash flows because of the pandemic-induced lockdown.

How Enbridge gives you passive income

No dividend talk is complete without mentioning the pipeline operator **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)). It has a 25-year history of paying incremental dividends. Its business model is simple. It builds pipelines across North America and then signs long-term contracts with utilities to transmit oil and natural gas. Imagine transmitting these commodities via train, trucks, or ships. That becomes pretty expensive, time-consuming, and inefficient. Hence, utilities don't mind paying Enbridge a toll for its pipeline services.

The more that pipelines move oil and natural gas volumes, the more cash in Enbridge's pockets. But the pandemic slowed the speed and volume of oil traveling through the pipeline, pulling Enbridge stock down 26% and increasing its dividend yield to 8.5%. The company is still generating sufficient cash flow from natural gas. It also plans to increase dividends next year if it achieves a certain level of distributed cash flow.

A \$30,000 investment in Enbridge will give you an annual dividend of \$2,430 in 2021. If it increases its dividend per share at a CAGR of 8%, which is a conservative estimate, your annual dividend income will grow to \$5,200 by 2031. Moreover, your \$30,000 principal will grow to \$40,750 in two to three years.

How RioCan gives you passive income

Unlike Enbridge, **RioCan REIT** ([TSX:REI.UN](#)) doesn't have a record of giving incremental dividends every year. However, it has survived the 2009 crisis without cutting dividends, and it is likely to do so in the current crisis. The stock has slumped 38% so far this year, as retailers are closing their stores.

But the REIT has stores in prime locations, and it is only a matter of time that these stores get occupied and at a higher rent. The REIT took three years to recover from the 2009 crisis. You can expect a similar recovery this time as well.

A \$30,000 investment in RioCan will give you an annual dividend of \$2,550 in 2021. Moreover, your principal will grow to \$48,000 in two to three years. Don't wait until 65 to retire.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Personal Finance

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)

3. TSX:REI.UN (RioCan Real Estate Investment Trust)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
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Date

2025/09/06

Date Created

2020/12/23

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