1 Simple Way to Make $500 Passive Income Per Month

Description

Dividend stocks are great sources of passive income for regular investors. We're currently in a recession, but it doesn't mean that you should invest differently than during an economic expansion. Just exercise caution when picking dividend payers.

If you need a passive-income stream during a recession, dividend investing is still the most straightforward strategy. You can keep cash and invest some in income-producing assets for good measure. Your financial cushion could even be $500 per month with the right investment vehicle and stock choice.

Some companies, like **Extendicare** (TSX:EXE) and **Savaria** (TSX:SIS), pay monthly dividends. Both are your options for a stable and dependable monthly income. These companies cater mostly to the ageing population and their needs, which make the respective businesses enduring.

Market leader in senior care

Extendicare is a leader in the Canadian senior care and services market. It has a $592.75 million market capitalization and operates 120 senior care and retirement living centres and home healthcare operations (Extendicare, Esprit Lifestyle and ParaMed brands).

With Extendicare's hefty 7.25% dividend, an $82,800 investment will generate $500.25 in monthly income. The healthcare stock is down 16% year to date, although the performance belies the actual business results in 2020. Extendicare reported a 6% revenue growth in the nine months ended September 30, 2020, versus the same period in 2019. From $801.6 million, total revenue increased to $847.6 million.

The revenue base remains protected, despite the declining occupancy rates due to COVID-19. Extendicare has full-funding support in Ontario until year-end. Likewise, each of its operations in the western provinces has additional funding to offset the pandemic's impact.

Innovative mobility solutions

Savaria is a well-known name in the accessibility industry. The $751.96 million company provides mobility solutions in Canada, the U.S. and globally. It has three business segments, namely Accessibility, Adapted Vehicles, and Patient Handling. Among its top products are stairlifts, commercial lifts, adapted vehicles, and home elevators.

The company manufactures medical beds and therapeutic surfaces too. Savaria's manufacturing facilities are in the home country, across the border in the U.S. and China. Expect the company to pioneer, engineer, and introduce new products for the enormous medical market.

In the nine months ended September 30, 2020, revenue fell 5% to $263.8 million versus the same period last year. However, adjusted EBITDA grew by 8.3% to $47.3 million. In the previous five years, Savaria's revenue has grown at a 35% CAGR clip on account of successful acquisitions and integrations.

The industrial stock is doing well with a 9% year-to-date gain. At $14.76 per share, the corresponding dividend is 3.25%. While the yield is modest compared to Extendicare, you can keep reinvesting the monthly dividends for faster compounding of your investment.

A straightforward way to make money

Making money apart for regular employment or self-employment is common these days. The list of passive-income ideas is ever growing since the lockdowns. While people are spending more time at home, they're also looking for ways to earn extra on the side.

Investing in dividend-yielding stocks is tops on the list, because it's straightforward and less cumbersome. If you have a Tax-Free Savings Account, maximize your contribution limit for 2021 and invest in Canadian monthly income stocks like Extendicare and Savaria.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:EXE (Extendicare Inc.)
2. TSX:SIS (Savaria Corporation)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media

6. Sharewise
7. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date
2025/07/03
Date Created
2020/12/31
Author
cliew

Footer Tagline

Footer Tagline