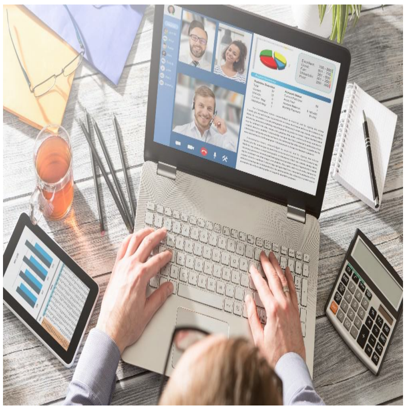

3 Ways to Collect Passive Income in 2021

Description

In late 2020, there was growing hope that the vaccine rollout would navigate the developed world out of the pandemic in the near term. At the time, I'd discussed ways Canadians could generate passive income and potentially avoid the daily grind going forward.

Today, I want to discuss three more ways to collect passive income in the summer of 2021. Let's jump in.

Invest in a rental property

Canada's housing market has been red-hot over the past year. This came as somewhat of a surprise to those who thought the COVID-19 pandemic would finally burst the real estate bubble. Instead, the crisis led to a spike in demand and many scrambled to scoop up properties in a frenzied environment.

Rental properties afford owners a consistent source of income. However, these properties can also be a challenge to manage. High real estate prices have also made entry into this market a lofty goal. While there are signs of cooling in the Canadian housing market, these price fluctuations have not been significant enough to warrant relief among prospective buyers.

Fortunately, there are other ways for Canadians to gobble up passive income going forward.

Consider a high-interest savings account

Investors on the hunt for passive income can also seek to open a high-interest savings account. However, historically low interest rates have made traditional income-generating investment products a less appealing proposition over the past decade. Often, High-Interest Savings Accounts (HISAs) and Guaranteed Investment Certificates (GICs) are simply unable to keep up with inflation.

Inflation has surged in recent months in the face of loose monetary policy and radical spending programs to combat the impact of the COVID-19 pandemic. This has made these "safe" investment products even more redundant, no matter what your time horizon. That's why investors on the hunt for passive income should consider this superior third option.

Snatch up top monthly dividend stocks

If investors want to outpace inflation in 2021, dividend stocks are typically the best option. These investment products carry additional risk, but the past 10 years have demonstrated the effectiveness of this strategy.

NorthWest Healthcare REIT (TSX:NWH.UN) is a real estate investment trust that offers exposure to a global portfolio of high-quality real estate. Shares of this REIT have climbed 4.3% in 2021 as of early afternoon trading on August 6. It is up 15% in the year-over-year period.

This healthcare-focused REIT has proven to be a strong defensive option during the pandemic. Its shares last had a favourable price-to-earnings ratio of 10. Moreover, Northwest offers a monthly dividend of $0.067 per share at writing. That represents a tasty 6.1% yield.

Sienna Senior Living (TSX:SIA) is another monthly dividend stock I like as a passive income option. The crisis has illustrated the need for more investment in long-term care facilities in Ontario. Sienna Senior Living provides senior living and LTC services. Its shares have climbed 12% in the year-to-date period.

The company has delivered solid revenue growth in part due to a jump in funding during the pandemic. Sienna last delivered a monthly distribution of $0.078 per share. That represents a strong 6% yield.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
2. TSX:SIA (Sienna Senior Living Inc.)

PARTNER-FEEDS

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

PP NOTIFY USER

1. aocallaghan
2. arosenberg

Category

1. Investing

Date
2025/08/17
Date Created
2021/08/06
Author
aocallaghan