



## Passive Income in Canada: Earn \$10.50/Day While You Sleep

### Description

Passive income needs to be more than just “passive.” It needs to be consistent and reliable to offer you true peace of mind. This is one of the reasons why rental income seems so lucrative, despite the fact that it’s not really passive, unless there is a property manager/agency involved in the mix. You only need to worry about rental income when the property is empty.

But the problem with rental income is that it requires a sizeable initial investment, and the barrier to entry is too high for most retail investors. A good alternative is dividend stocks. Unless something truly financially devastating happens to the company, you can be reasonably sure that the dividends would continue (and might go up). You can get started with as little as you want, but for a “practical” income, you will have to invest a decent amount.

If you have \$60,000 in your TFSA that you can invest in dividend stocks, you can start a double-digit daily passive income with three stocks.

### A capital market company

**Alaris Equity Partners** ([TSX:AD.UN](#)) entered the market with a decent idea. [The company](#) offers capital to businesses that require outside investment but with no “control” strings attached, which is a tall order, unless you can reach out to conventional lenders. It requires more assets and tangibles than many startups and small businesses can offer as collateral.

The company started in 2008, and since the market was ripe for what Alaris was offering, the stock grew almost 700%. It has been declining since Nov. 2013, but the post-pandemic market has been relatively good for the company.

The stock has been climbing and has grown almost 141% since the crash. But despite this robust growth, the yield is still quite generous (6.89%). If you add \$20,000 to the company, you will get about \$3.77 per day in dividend income.

## An oil and gas royalty company

The royalty business is a good way to gain access to a commodity while simultaneously shielding yourself from many of the problems associated with directly owning the asset. **Freehold Royalty** ([TSX:FRU](#)) does that with oil and gas. The company has invested in and owns royalty for about 6.7 million gross acres of land and generates revenue by leasing them out.

For its shareholders and investors, the company creates value by paying dividends and strives to maintain a payout ratio between 60% and 80% — a number it hasn't seen in the last 10 years. This dividend payer slashed its payouts down to brutally low levels in 2020 when oil crashed, but it has then since grown its payouts, and the new dividends are very close to the pre-pandemic ones.

The 6.2% yield promises a \$3.4 per day dividend income if you invest \$20,000 in the company.

## A senior care company

**Sienna Senior Living** ([TSX:SIA](#)) is a Markham-based company engaged in the stable and evergreen [business of senior care](#). It has 70 senior care facilities in BC and Ontario and manages an additional 13 properties for third-party owners. Out of these, 43 are long-term-care residences, and the remaining 27 are retirement residences. The difference is the level of care the seniors (and the cost) require.

Sienna has been around for 49 years. It's rooted deep in the community and is in a business that is expected to grow in the future, with the growing average life span and the steadily increasing senior population of the country.

Sienna offers a generous 6.13% yield, and if you invest \$20,000 in the company, you can get about \$3.35 a day.

## Foolish takeaway

Adding the three [dividend stocks](#) together, you can easily start a daily passive income of about \$10.50. It might not seem like much, but it's a pretty decent amount, especially considering the capital requirement. If you don't plan to use it for your daily expenses, you can reinvest the yearly dividend sum (\$3,842). It's more than half the TFSA contribution room for any given year.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

1. TSX:AD.UN (Alaris Equity Partners Income Trust)
2. TSX:FRU (Freehold Royalties Ltd.)
3. TSX:SIA (Sienna Senior Living Inc.)

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1. adamothman
2. metienne

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## **Author**

adamothman

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