



3 Passive-Income Myths That Could Get in the Way of Making Some Serious Money

Description

The concept of passive income lends itself to illusions of all sorts. It's built into the name: *passive* income. Many people hear the term *passive* and think, "Wow, I'd love to earn money by doing nothing." It seems too good to be true, because, nine times out of 10, that definition of passive income isn't true.

But don't get me wrong: passive income can be a great way to earn extra cash, perhaps even enough to live off of. But to earn serious money, you have to see through the myths.

1. Passive income means "setting and forgetting it"

Well, not exactly.

While some sources of passive income really don't require much work — like earning rewards on a [cash-back credit card](#) or [rewards card](#) — most require some level of activity, perhaps even more than you were originally thinking.

Tenants will break things in your rental property. Readers expect new, fresh content from your blog. Your e-book gets stale, your photos go unused, your dividend stocks take a hit. Passive income requires active attention, unless you want it to dwindle.

Instead, give passive income the same attention you would a second job. Over time, your source of passive income might become more autonomous, true. But in the beginning, you will have to nurture it to see results.

2. You only need one good source of passive income

In truth, you'll probably need three or four if you really want to earn some serious cash.

Think of your passive income like stocks. You could get rich off one stock, true. But the likelihood of

this happening is fairly low. What's worse is, you could lose everything if that stock tanks.

A better idea is to diversify your passive income, in the same way you diversify your stocks. Create one good stream, then move on to the next. In this way, you give yourself a backup plan: if one source of passive income falters, the others could make up the difference.

Of course, if you're just looking for a side hustle, one source of passive income might be okay. But you're more likely to generate wealth when you diversify them.

3. Real estate is an easy way to generate passive income

Wrong again.

Real estate is certainly a good way of generating income. But it's by no means easy. Buying a house by itself is a tremendous amount of work. Renovating or remodeling property to generate income — even more so. And with tenants involved? Trust me — you're going to have your hands full.

In a hot real estate market, such as what we're experiencing today, it's easy to think buying real estate is an automatic source of passive income. It's not. It will take work to make your real estate properties profitable, and by the end of it, you'll probably feel exhausted.

That said, real estate can be extremely profitable when done right. Just know that you're not buying a vending machine. You're buying a complex structure that's going to start decaying the moment you buy it. If you're prepared for that, you can make some serious cash.

CATEGORY

1. Personal Finance

PARTNER-FEEDS

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

PP NOTIFY USER

1. kduncombe
2. sporrello

Category

1. Personal Finance

Date

2025/07/21

Date Created

2021/12/06

Author

sporrello

default watermark

default watermark