No Time for a Side Gig? Try These Passive-Income Ideas Instead

Description

We could all use some extra money, right? (If you just said no, I'm going to assume you're loaded with cash.) With inflation through the roof, and the holidays draining budgets, bringing in some extra income will surely relieve some anxiety or at least give us more cushion to fall back on.

But not everyone has time to pick up a side gig. Most of us have fairly demanding jobs, along with families that need us, not to mention a personal life that helps us stay grounded.

The good news: you don't need a side gig to earn extra income. You can earn it *passively* instead. And if you're looking for a simple passive-income strategy, these three can certainly point you in the right direction.

GIC ladders

A guaranteed investment certificate (GIC) is a popular form of fixed income. Basically, you earn interest on a lump sum for a specific period of time after which you get your initial deposit back plus whatever interest it earned.

Terms can last anywhere from a few months to five years or more. In general, the longer your GIC term, the higher your interest rate. The only problem with longer terms: they can come with withdrawal restrictions or penalties, such as forfeiting interest earned, if you try to cash out before the term is up.

Most people can't afford to lock their savings away for five years or more, which is where *ladders* come in handy. With a "ladder" strategy, you take out multiple GICs, each with different terms. For instance, you could put equal amounts of savings into a six-month GIC, a one-year GIC, a 1.5-year GIC, and a two-year GIC.

After six months, your six-month GIC will reach maturity, and you can access that money. What's more is that *all* of your GICs will be six months closer to maturity, meaning you technically have a six-month GIC, a one-year GIC, and a 1.5-year GIC. If you don't need money at the moment, you can use money from your six-month GIC to buy another two-year GIC. In this way, every six months, you buy a new two-year GIC, and your money won't stop growing.

Having multiple GICs helps you take advantage of the higher rates on long-term GICs, while also ensuring you don't lock your savings longer than you can afford.

This can be a lucrative strategy. In this lending climate, however, interest rates might be too low to really earn money. Still, I would keep this strategy in the back of your head, and when interest rates go up — and it looks like they might next year — you can put it into practice.

Dividend stocks

A dividend stock is a stock that gives you money simply for owning shares in its company. Yes, this is in *addition* to the underlying value of the stock itself.

The best dividend stocks will have a generous payout while also appreciating in value. To find one, look for companies that are firmly established, that have a long history of paying out dividends, and that have a fairly high payout ratio. Right now, a good dividend yield would be around 3.75% to 5%.

REITs

As we all know, real estate is hot right now. It's so hot, in fact, that Canadian investors are making a fortune, buying houses, flipping them, turning them into rental property or **Airbnbs**, or just dangling them above potential homebuyers in the form of a blind auction.

Of course, not everyone has time to pound nails and redo bathrooms, nor do we have time to suffer through the homebuying process in order to gain a worthy investment.

For those who can't make real estate a side gig, you could buy shares of a real estate investment trust (REIT). A REIT is basically a company that manages numerous real properties. Like an ETF or a mutual fund, you pool your money with other investors, and you earn capital gains when the REIT company does well.

Bottom line

If you don't have time for a side gig, you don't have to try to squeeze one in. Apply these three passive-income ideas, and you could make your savings work harder for you.

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