Easily Make $350 in Passive Income Every Month With These Stocks

Description

Passive income is what we all want. Whereas active income comes from your day job, passive income is the cash you receive while you're doing *anything* else. Eating dinner? You're making money. Walking the dog? You're still making money. Asleep? You guessed it; you're making money.

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How is that possible? Through investing, of course! And there are many ways to achieve it. There are some that recommend real estate investing as the best way. However, as you're here at the Motley Fool, I'm sure you can guess that passive income can also be made through investing in stocks.

In fact, if you start out with these three, you can make hundreds in passive income each and every month!

First, the passive-income stocks

If you're going to choose passive-income stocks for your portfolio, you need to find companies that will continue paying out long term. That means digging into sectors that will remain strong no matter what. For me, that comes down to the Big Six banks, essential goods, and real estate. Yes, you can still invest in real estate without purchasing real estate directly, and that comes through real estate investment trusts.

Now, let's dig into the stocks themselves. **Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM) is a great place to start for passive-income stocks. The Big Six bank has the highest dividend of the banks and recently bumped it up. Investors can now receive $6.44 per share per year. It remains strong and valuable, trading at 11.55 times earnings.

Now, among essential goods for passive income, I would look to **Loblaw** (TSX:L). The company stretches into every area of essential goods, from food to medication. This comes from being the umbrella company over the President's Choice brand, which includes Shoppers Drug Mart, No Frills, and more. You can pick up a dividend of $1.46 per share per year and continue to see strong revenue come in. That's even during a pandemic.

Finally, invest in real estate by investing in **Crombie REIT** (TSX:CRR.UN). The passive-income stock recently saw a share price increase after announcing a bought deal for $117 million. It's a great defensive option generating revenue from pharmacy and grocery-anchored properties as well as retail. These are solid tenants in the essential service industry to keep cash flowing. It currently offers a dividend of $0.89 per share per year.

Now, making it work

Now that you have a strong passive-income portfolio underway, it's time to figure out how much you need to invest. Because while Crombie is the cheaper of the three, it also has the lowest dividend. Furthermore, CIBC is the most expensive, but it's probably the strongest dividend and defensive play. And Loblaw, of course, falls somewhere in the middle.

To make $350 per month in dividends, you would need $4,200 per year coming in. So, let's say you want half of your passive income from CIBC, that would take an investment of $48,913 as of writing. Then you want $500 from Loblaw. That would take an investment of $33,516. The remaining $1,600 then would come from Crombie at a cost of $31,460. That's a total investment of $113,889.

If you couple that with a partner's Tax-Free Savings Account, you together can split the cost to stay within contribution requirements. That would make it a $56,945 investment for the pair of you, with plenty more room to diversify, and an extra $350 coming in each and every month in passive income.

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CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. TSX:CM (Canadian Imperial Bank of Commerce)
3. TSX:CRR.UN (Crombie Real Estate Investment Trust)
4. TSX:L (Loblaw Companies Limited)

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