



How to Generate Passive Income Now

Description

One of the main objectives that many investors look for in their portfolios is to generate passive income. Fortunately, building out your portfolio to include a [healthy income stream](#) isn't as hard as you might think.

Find the right investments

One of the first things is to find the investment that is just right. What I mean by just right is one that can offer both income and growth prospects. The reason is simple: a great paying dividend now without future growth will quickly fall behind the market over time.

That's just one reason why **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) is a perfect fit for that 'just right' type of investment. Fortis is one of the largest utilities on the continent. The company generates a reliable and recurring stream of revenue. More specifically, that revenue stream is backed up by regulated contracts that often span decades.

That recurring revenue stream also allows Fortis to provide investors with a handsome dividend while also investing in growth. The current yield on the quarterly dividend works out to a juicy 3.56%.

Turning to growth, Fortis is well-known for taking an aggressive stance on expansion. The company has expanded both its generation and distribution business over the years. That expansion has opened up new markets and opportunities, allowing Fortis to become a true utility behemoth.

In recent years that growth has turned internal. Fortis has invested billions to upgrade and transition its facilities to renewable energy. This investment will keep Fortis as a viable option for generating passive income for nearly any portfolio.

Let's talk about the *other* area of growth — dividends. Fortis provides investors with a generous annual bump and has continued that practice for 48 consecutive years. Fortis plans to continue that practice, with 6% increases for the next several years. That factor alone makes Fortis a great investment to help generate your passive income stream.

By way of example, a \$35,000 investment in Fortis will provide just over \$1,240 in income in just the first year. Remember that investors who are not yet ready to draw on that income can reinvest for further gains.

How about a booming business?

Another segment of the market that investors should contemplate investing in is the financial sector. That's a must-have for those Investors planning to generate passive income. But what stock can provide that growth and [income potential for decades](#)?

Let's take a moment to talk about **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)). TD is one of the largest banks in Canada. Coincidentally, TD has steadily become one of the largest banks in the U.S. market in recent years.

That growth south of the border is one of the main reasons why investors need to add TD to their long-term plans. TD built out its U.S. network in the years following the Great Recession through a series of acquisitions. The result was TD stitching together a network of banks stretching from Maine to Florida along the east coast.

The resulting impact continues to be phenomenal. In the most recent quarter, the U.S. segment reported a record income of \$1,374 million, representing a whopping 58% increase over the same period last year.

While the U.S. market provides significant growth opportunities, let's not forget about TD's position at home. The bank's Canadian retail segment reported an income of \$2,147 million. This was an impressive 19% gain over the same period last year.

Turning to income, TD offers a quarterly dividend with a yield of 3.38%. The bank also provides investors with healthy annual bumps to that dividend, a practice that has continued for decades.

A \$35,000 purchase in TD will generate a passive income of \$1,180 during just the first year. As with Fortis, investing early and reinvesting that income could help to generate passive income that will continue to grow.

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