



Is Earning Passive Income Practical, or Is it a Waste of Time?

Description

You've likely seen or read numerous articles on passive income promising "fast money" on "easy passive-income streams" that take "little time" to set up and generate wads of wealth.

The truth is, passive income is neither easy nor fast. In fact, if you expect your passive income to generate wealth within a short period of time, you're likely going to become disappointed. To be a practical venture, you have invest yourself — your time, your money, your creativity — and even then, nothing is guaranteed.

How can you prevent your passive income from becoming a complete waste of time? To make your passive-income ideas more practical, here's one major expectation you should have.

Understand that it takes time

Most people's concept of passive income resembles a vending machine. You buy a machine, put it in a heavily trafficked area, and earn some money every day. Aside from restocking the machine, you do very little work to earn extra cash.

But most forms of passive income are *not* like a vending machine. They require time — both time to create and time to generate income. In fact, passive income is more like a small business. You invest your time in creating and running the passive-income stream, then, after years (often decades), you'll finally see positive returns.

For instance, I love when I read articles that tell you to write a "book" as a form of quick passive income, as if you can just sit down, write a book in a single setting, and publish it online. The same goes for every creative endeavour: YouTube channels, TikTok videos, or licensing your photography.

These are all sources of passive income that, yes, can *one day* generate money. But in the beginning, you're likely not going to see immense returns. In fact, you'll be spending more time writing your book than you think. It takes time to generate authentic and original material. It takes time to edit, revise, and rewrite. It takes time to market the book and find the right audience. And it takes time to write a second

or even a third book.

So, if you're not in it for the long run, your passive income will become a waste of time.

The only “true” passive income: Investments

The “vending machine” analogy does resemble a type of passive income: investments. In fact, investments are arguably the only true passive income out there.

This could be dividends from stocks, interest on bonds, rent from residential or commercial property, or even gains on price movements in the stock market.

Of course, investments require time, too. You have to know enough about your investments to feel confident investing in them. And you have to navigate market risks in order to prevent yourself from losing money. But if you invest in great companies over the long run, you could create a passive-income stream that might even replace your normal paycheck — at least, that's the dream, right?

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