



2 Top Stocks to Buy for Worry-Free Passive Income

Description

Passive income ought to be worry free and care free. Unfortunately, any investment that yields cash requires some work or maintenance. However, there are different levels of effort required.

Rental properties are far from passive

For example, a rental property requires time and money to search for tenants, prepare leases, complete maintenance and repairs, and pay utilities/taxes — that is, if everything goes well. If things don't work according to plan, it can be a costly and timely investment.

Long-term stock investing can be truly worry free

On the flip side, investing in stocks can truly be passive. Sure, you put in some [upfront research](#) to understand a business. Then you pay a small commission to buy the stock.

If you take a long-term approach, there isn't much else to do other than monitor quarterly/annual earnings and collect your regular [dividend](#) income. If you love a company and its passive income, there is no need to trade in or out.

A stock is a stake in a real tangible business with assets and managers. Consequently, all you have to do is provide the capital to quality businesses and someone else essentially manages the returns for you.

Sometimes the hunt for passive income can be as simple and as worry-free as that. If you are looking for some great worry-free, passive-income stocks to buy today, here are two I'd consider now.

Passive income for a lazy landlord

If you want to be a lazy landlord, **Granite REIT** ([TSX:GRT.UN](#)) is a great worry-free passive-income

stock. It owns and operates a high-quality portfolio of logistics, warehousing, and industrial properties across Canada, the United States, and Europe. These are largely institutional quality properties that most retail investors could not afford.

Yet considering supply chain issues and inflation, industrial real estate properties are in high demand. Rents and property values are rapidly rising. Granite is expecting over 10% funds from operation-per-share growth in 2022. Considering several large property developments will become operational this year, the outlook for 2023 looks even better.

Granite pays a decent 3.2% dividend. However, it has grown its dividend annually for the past 10 years. For a company with a solid dividend, a market-leading balance sheet, high-quality assets, and a valuation below peers, Granite is an excellent passive-income stock.

A top utility for passive income

Utilities are a great source of worry-free passive income. Long-term contracts and regulated assets mean they garner very reliable streams of cash. That is why **Algonquin Power** ([TSX:AQN](#))([NYSE:AQN](#)) is a top stock to consider right now. Around 70% of its revenues come from a regulated utility business focused on natural gas, electricity, and water.

The remainder of its revenues come from a diverse portfolio of [renewable power](#) assets. Algonquin is becoming a key partner to corporations and governments who are looking to decarbonize their operations.

Over the years, Algonquin stock has provided a nice combination of capital growth and passive income. Over the past 10 years, it has increased its dividend by an average of 9.5% annually. Annual dividend growth will likely slow to the 7-9% range. Given that this stock is yielding 4.5% today, that is still an attractive future return.

If you like stability, with some growth levers from its renewable power portfolio, Algonquin is a perfect stock for long-term, worry-free passive income.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:GRT.UN (Granite Real Estate Investment Trust)

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