



Passive Income: How to Easily Earn \$250/Month TAX FREE!

Description

Canadian investors are flocking to stocks that produce passive income in 2022. I can't blame them. There is a lot to worry about right now. Earning regular passive income through monthly or quarterly [dividends](#) is a care-free way to earn returns. Psychologically, there is something comforting about earning regular, tangible cash returns.

Earn passive income tax free through the TFSA

If you like the safety of passive-income stocks but don't immediately need the cash, you might want to consider putting those investments in a [Tax-Free Savings Account](#) (TFSA). Collecting passive income in a non-registered investment account can create reporting complications during tax season. Not to forget, you must pay taxes on the cash returns you received.

No reporting and no tax

However, in a TFSA, there is not reporting requirement, and your passive income streams are protected from the Canada Revenue Agency. Consequently, any income you receive can be held for savings or can be re-invested. If you want to compound streams of passive income, the TFSA is the ultimate tool.

In fact, with as little as \$60,000 of capital, you could build a passive-income stream that yields at least \$250 every single month. Here is how.

Own medical properties for passive income

If you put \$20,000 of capital into **NorthWest Healthcare REIT** ([TSX:NWH.UN](#)), you could earn \$96.50 every month. Today, NorthWest's stock yields 5.8%. Monthly, it pays \$0.06667 distribution per unit owned.

NorthWest owns and operates a global empire of healthcare-related properties. These include hospitals, medical office buildings, and life science centres. Healthcare properties are becoming a popular alternative investment for large institutions.

Consequently, NorthWest is targeting a new, more profitable asset management strategy. This could translate into better profit margins and stronger cash flow-per-unit growth. If it can execute, unitholders could be rewarded with attractive inflation-adjusted total returns.

Industrial real estate is booming

When inflation is soaring, real estate is a really good hedge. That's why TFSA investors looking for passive income may want to consider owning **Dream Industrial REIT** ([TSX:DIR.UN](#)). Industrial real estate has been [incredibly hot](#) over the past few years.

Rental rates have been soaring due to low vacancy and strong demand. Dream has seen its rental rates drastically rise. Likewise, the property value of its portfolio has increased significantly. Industrial fundamentals remain robust and Dream sees +10% funds from operation per unit (a key profitability metric) growth in 2022.

Today, Dream pays a well-covered \$0.0583 per unit monthly distribution That equals a 4.5% yield at today's price. Put \$20,000 into this passive-income stock, and you would earn around \$75 every month.

Play rising oil prices and collect attractive dividends

Another great moat against inflation has been commodities. If you find yourself hurting at the gasoline pump, owning an energy-related stock can be a nice offset. One stock I like for monthly passive income is **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)). It has a diverse set of pipeline and midstream assets that service Western Canadian oil producers.

The company just cemented a deal to combine assets into a joint venture with **KKR**. The deal is expected to immediately boost profits. Likewise, Pembina hopes to increase its dividend shortly after. Combine that with several growth projects in the works, and Pembina could have an attractive growth profile in the coming years.

This income stock pays a \$0.21 per share dividend in the middle of every month. That's a 5.11% dividend yield today. Put \$20,000 of this stock into your TFSA, and you would reap \$85.17 every month.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:DIR.UN (Dream Industrial REIT)

3. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
4. TSX:PPL (Pembina Pipeline Corporation)

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Author

robbybrown

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