Generate Enough Passive Income to Retire

Description

Generating enough passive income to retire on is a goal of every single investor. Unfortunately, attaining that goal is often touted as something that is difficult, if not impossible.

That couldn't be further from the truth! It is possible, and it doesn't need to be hard. Here's how.

Finding the right investments to build an income base

Selecting the right investments is the first and often the most difficult part for new investors. Fortunately, the market gives us plenty of options to consider, and here are several to consider.

Bank of Montreal (TSX:BMO)(NYSE:BMO) is a solid first option. As one of Canada's bank stocks, BMO benefits from a solid domestic business and a growth-focused international arm. That international presence is focused on the U.S., where BMO announced its latest acquisition late last year.

As an income stock, BMO has been paying out dividends longer than any company in Canada and is several years out from hitting the two-century mark. The current yield works out an appetizing 4.06%, and BMO has an established precedent of providing annual bumps to that payout.

Speaking of annual bumps, **Canadian Utilities** (TSX:CU) is another great option to consider. As a utility, Canadian Utilities benefits from a very stable business model and recurring revenue stream. Where the company shines, however, is in its ability to generate enough passive income to retire.

Specifically, Canadian Utilities is the only Canadian Dividend King on the market. That means that the company has provided 50 consecutive years of annual bumps to its dividend. The current yield on that return works out to a juicy 4.41% yield.

Both BMO and Canadian Utilities are great options to start building out a portfolio. Also, keep in mind that those juicy dividends can be reinvested until needed. This boosts the long-term income potential of the stocks even further.

Growth stocks can be great, too

There are some great growth-focused stocks to consider adding to your long-term portfolio, too. One such option is **Alimentation Couche-Tard** (TSX:ATD). Couche-Tard is one of the largest convenience store and gas station operators on the planet. The company boasts over 15,000 locations scattered across several continents.

The appeal of Couche-Tard's operation is only matched by the company's incredible focus on expansion. Specifically, Couche-Tard has acquired smaller players over the years, stitching together a network of brands. It then rebranded those sites, realizing huge synergies in doing so, while entering new markets.

Speaking of growth, Couche Tard recently announced its first EV charging rollout. The company plans to have 200 charging sites across North America running within the next two years. The lack of EV charging stations is a hindrance to many would-be EV owners. As such, Couche-Tard moving aggressively to establish itself could lead to massive long-term growth.

In terms of income potential, Couche-Tard does offer a quarterly dividend, but the 0.79% yield is hardly a return that would justify it solely as an income stock. Fortunately, Couche-Tard does continue to provide increases to that dividend over time.

Stay the course

This is probably one of the hardest steps in the process. Once you have those investments identified, staying the course is critical. Remember that the goal is long-term growth and income generation. This means that when the market takes a dip (and it will), staying the course, if not buying on the dip, will help to attain that goal of generating enough passive income to retire on.

In other words, buy stocks, hold them, and retire comfortably.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. TSX:BMO (Bank Of Montreal)
3. TSX:CU (Canadian Utilities Limited)

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