



## How to Make \$20,000 Per Year Starting in 2022

### Description

Motley Fool investors need cash right now, and there is a great way to create some passive income on the **TSX** today. Shares have taken a tumble, and they could fall again this year. However, there are solid passive-income stocks that long-term holders will be able to enjoy for years.

But today, we're going to focus on 2022 and discuss a strategy to bring in enough income that could be like a part-time job. It's going to take a solid investment, but you'll get it back in spades in the years to come.

### Choose the right stock

As mentioned, there are so many strong companies trading at a discount on the TSX today. But if you're looking for long-term income, that list suddenly becomes shorter. You want to find blue-chip companies or [exchange-traded funds](#) (ETF) that offer you strong and stable growth in the years to come.

Because, honestly, if you're going to make \$20,000 per year in passive income, it's going to take a large investment. You *certainly* don't want to see that investment suddenly drop. That's why I would consider buying up the Big Six banks — heck, why not all of them?

Invest in **BMO Covered Call Canadian Banks ETF** ([TSX:ZWB](#)). You get extra returns, as the company balances covered calls with the share performance of the [Big Six banks](#). Canadian banks are notorious with using credit loan loss provisions to bounce back during downturns. And that's happening now. So, that means now is the time to pick up these stocks before they return to post-drop prices.

### Next, the investment

So, you've decided to invest in ZWB. Great! But at what cost? You now have to do some math to figure out how to make that \$20,000, and there are two things to consider.

First, you could simply decide to get that \$20,000 per year through passive income. The benefit here is that you don't need to rely on share appreciation and therefore share depreciation to see that \$20,000 come in every year!

The fallback is that you also need to make an enormous investment to create that amount of cash. In fact, it's going to be significantly higher than if you simply chose to take into consideration historical performance.

For the sake of this article, we're going to include historical performance when calculating how to create \$20,000 in passive income.

## Do the math

Just for fun, I'll tell you that it would take an investment of \$318,181 to bring in \$20,000 per year in passive income from dividends alone. Dividends for ZWB are at \$1.32 annually as of writing. What's more, those dividends have hardly moved at all over the last decade, so don't think you'll suddenly see an increase in dividends any time soon.

If you take into account historical performance, it's a bit different. Shares of ZWB have grown 54% during the last decade. That's not enormous, but it's been relatively stable except for the 2020 crash. Shares have therefore grown at a compound annual growth rate of 5.6% over the last 10 years.

With that information in mind, we can now figure out how much we would need to invest to create \$20,000 in passive income. That's coming from both dividends and returns. If you were to invest \$170,000, you could bring in dividends of \$10,685 each year. On top of that, you could get an additional \$9,520. That would bring in \$20,205 in passive income in the next year through this combination.

## Foolish takeaway

As you can see, it would take a significant investment to bring in over \$20,000 per year in annual income. But there are two things to note. First, that it's far less than investing for passive income from dividends alone. Second, ZWB trades significantly lower than where it should based on pre-drop prices. So, it's more than likely you could see your returns climb even higher than \$20,000 in 2022 alone.

### CATEGORY

1. Dividend Stocks
2. Investing

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1. TSX:ZWB (BMO Covered Call Canadian Banks ETF)

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