No-Sweat Option: Earn Passive Income to Deal With 7.7% Inflation

Description

Everyone fears rising consumer price index (CPI), because it impacts money in a huge way. The inflation reading for June 2022 isn't out yet, although the jump from 6.8% in April to 7.7% in May is indeed alarming. While the rate could taper off gradually, 78% of businesses in a Bloomberg survey expect CPI to exceed 3% over the next two years.

The call of the times is to scrimp, because high inflation erodes purchasing power. Grant Bazian, president of debt-consulting agency MNP Limited, said, "Right now, many Canadian households are trying to adjust their budgets, cutting costs where they can in order to keep up with their monthly bills."

If the cost of living keeps rising, Bazian believes the situation could get worse before it gets better. Besides cutting on costs, households could pile up on debt to make ends meet. If you have excess money that you won't need anytime soon, start investing and earn passive income with no sweat.

Don't get caught up with inflation

People react differently in times of uncertainty, but others look for ways to avoid getting caught up with inflation. Share prices are depressed lately, but some companies can still afford to pay dividends. You can pair pipeline operator **Pembina Pipeline** (TSX:PPL)(NYSE:PBA) with **Rogers Sugar** (TSX:RSI) for higher-than-average yields.

Monthly cash flows

Pembina Pipeline maintains a strong showing in 2022 (+23.42% year to date), as it benefits from elevated crude prices. The $25.52 billion company provides critical transportation and midstream services to customers in North America's energy industry.

The energy stock is also among the preferred option of income investors, because the dividend payouts are monthly, not quarterly. If you invest today, Pembina trades at $46.05 per share and pays a 5.45% dividend. Assuming you own $33,200 worth of shares, you'll receive $150.78 every month to add to your regular income.

Pembina is a top-tier asset due to its Dividend Aristocrat status. The company has raised its dividends for 10 consecutive years. In Q1 2022, net earnings increased 50% to $481 million versus Q1 2021. Cash flow from operating activities reached $655 million, while the total common share dividend payments were $347 million.

Enduring business

Rogers Sugar in the consumer staples sector is a pure dividend play. The share price hardly fluctuates, although the stock is among the winning investment this year with its 7.12% year-to-date gain. Also, at only $6.19 per share, the dividend offer is 5.79%.

The $644.97 million company is a producer of high-quality sugar and maple products. Because sugar is essential or for everyday use, the business of Rogers Sugar is enduring. Management has already increased its sales volume forecast for 2022 due to the strong market conditions in the sugar segment.

According to management, even if total volume is lower, Rogers's profitability should improve compared to last year due to favourable price adjustments. After the first half of 2022, the net earnings of $25.8 million were 5% higher from Q1 2021.

Mindset

If you worry about the value of your money eroding due to high inflation, think investing before spending. Pembina Pipeline and Rogers Sugar are reliable passive-income providers in times of need.

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2. Investing

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3. TSX:RSI (Rogers Sugar Inc.)

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