How to Make $16 Per Month in Passive Income Right Now

Description

Some of the best passive-income stocks out there right now are in the real estate sector. The problem is, it can be hard to find ones that are going to continue doing well and are cheap to boot. And it can be even *harder* to find those that pay out on a monthly basis.

But today, I have at least one passive-income stock that can provide you with solid monthly income. While I never recommend putting all your eggs in one basket, it can at least provide you with an example of how to create a source of income. One that pays each month just like a paycheque.

SmartCentres REIT

The monthly passive-income stock I would consider today is **SmartCentres REIT** (TSX:SRU.UN). SmartCentres has a few things going for it. The first one? It's super cheap. SmartCentres stock currently trades at just 4.41 times earnings. What's more, it can cover all its debt with 99% of its equity right now. That's not ideal but certainly better than having too much debt on hand if everything goes sideways.

Shares of SmartCentres stock are also down by 8.5% year to date. This provides you with a strong jumping-in point and is also better than how the **TSX** is performing at the time of writing this article. Besides the dips in the market, the company has done quite well — up 77% in the last decade alone.

Then there's its dividend. SmartCentres stock offers a current dividend yield of 6.51%. That comes to $1.85 per share annually and about $0.15 per share on a monthly basis. What's more, the dividend continues to grow by a 1.59% compound annual growth rate (CAGR) over the last decade.

Before you buy

Now, you have the information behind SmartCentres stock. What's next is figuring out how much you need to buy for monthly dividends. The passive-income stock doesn't offer that much, after all, at just $0.15 per share. And shares are low but not exactly nothing.

So, what I would recommend before you buy is to come up with a reasonable goal. This will have pretty much *nothing* to do with how much money you want to make each month. Instead, it should come down to how much you can afford to invest.

A great place to start is to put aside between 5% and 10% of your monthly pay towards investing. I'm not saying it should all go towards this one stock, but we'll just use that here for an example. If you make $60,000 per year, then 5% of that per year would come to $3,000 in investing.

How much you could get

If you're going to put aside $3,000 to invest in this passive-income stock, here is how that could play out this year. That alone would get you 107 shares, coming to $198 in passive income this year. That's $16.50 per month. Not bad.

But let's say you do that *every* year for the next decade. Not only should you consider the growth of your passive-income stock but also the growth of the stock itself. SmartCentres REIT, in this case, has a CAGR of 5.9% for the last decade.

In this case, if you continue to put aside $3,000 per year and reinvest dividends, in the next decade, you could have a portfolio worth $59,338. What's more, your annual dividend income would come to $2,616! That's now $218 per month.

Bottom line

Again, this is just an example to show you how consistent investing can create dividends that pay out each month. By choosing the right passive-income stock, you can set yourself up for long-term growth and dividends that pay right now.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

PARTNER-FEEDS

1. Business Insider
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3. Koyfin
4. Msn

5. Newscred
6. Quote Media
7. Sharewise
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Date
2025/08/20
Date Created
2022/09/15
Author
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