



## New Investors: How to Safely Make \$150 in Monthly Passive Income

### Description

Safety. It's what we are all craving right now with regards to our investments. The safety and security of knowing our shares will either keep climbing, or at the very least, climb back from this recent fall. And one of the easiest ways to gain a sense of safety is through passive income.

Even new investors likely know about this already. While growth stocks dominated the last few years, new investors are now overwhelmed by which dividend stocks to choose. They all seem to be trading in value territory, with shares dropping further. But [dividends](#) don't necessarily mean safety.

That's why today I'm going to show you an easy and *safe* way to create the passive income you so desperately want right now, and for years to come.

### Pick a solid industry

If you're looking to invest, you want to find companies in industries that won't crumble even during a recession. And I don't mean companies that do well *during* a recession. These are called cyclical stocks, and they could just as easily flop after a recession.

Instead, you want stability *and* safety because the pair go hand in hand. Right now, I think some of the best places to invest are infrastructure stocks. These stocks provide stability through years-long lease agreements that will keep coming in. That's because we *need* infrastructure. It includes sewers, highways and bridges, transit, water supply, energy production, you name it. So, if you want stability, this is simply one area that's not going away any time soon.

### Focus on value

Now there are a few infrastructure companies that may not offer value right now. Even when buying into a stable industry, you still want to get a deal so that when a recession is over, you'll come out on top! And value is comprised of more than just one or two items to consider, it involves many things put together.

For me, I like to look at the price-to-earnings (P/E) ratio, the total debt to equity ratio (D/E), the relative strength index (RSI), and how shares compare to the beginning of the year. As for the dividend, I always want to find a high one, sure, but also one that's growing year after year.

In this case, a passive income stock would be considered valuable with a P/E ratio under 15, a D/E ratio under 100%, and an RSI under 30. If shares are down, I'd say that's a deal. If the dividend remains stable and growing, that also makes it a deal.

## A monthly passive income stock to buy

I'm not saying that your choice needs to tick all of the boxes. If it did, then you're likely going to enjoy that momentarily before others pick up the stock. But you can certainly find something that comes close. Which is what I've found for you today.

**Northland Power** ([TSX:NPI](#)) is a [renewable energy](#) infrastructure owner and producer with assets around the world. It currently provides investors with a modest 2.84% dividend yield, coming to \$1.20 per share annually. Its P/E ratio is just shy of value territory at 16.2. Shares of Northland stock are up 7.8% year-to-date, but down 12% since mid-August when the market started to drop.

Northland stock is well into oversold territory with a 22.32 RSI, and its dividend compound annual growth rate (CAGR) is 1.06%. Not staggering, but growing nonetheless. The only thing I don't like about Northland is that it would take 186% of the company's equity to cover its total debts.

## Bottom line

I'd still say, however, that Northland stock falls into the category of a safe monthly passive income stock. It's growing, sure, but at a slow and stable rate. Shares are still up even though this market downturn caused a drop in share price. It's now a deal for those looking for monthly income, and one that will offer low-risk, consistent growth. This is because green energy stocks like Northland are defensive with ample natural long-term growth potential as the world transitions to cleaner energy.

As of this writing, it would take an investment of \$60,000 to create monthly passive income of \$150. That's a large investment, and I'm not suggesting you dive in without first discussing it with a financial advisor. But it does show that new investors can create lifelong passive income from even the safest of stocks.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:NPI (Northland Power Inc.)

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