Want $250/Month in Passive Income? Buy 2,213 Shares of This Stock

Description

Most Fool readers likely generate most of their wealth through active income. Active income requires consistent time and effort. Your full-time job, a weekend lawn mowing gig, and/or the sale of a real estate property or a vehicle all qualify as active income. Passive income, however, allows you to generate cash with little upkeep or consistent effort. For example, you could get royalties that you rake in from the successful sale of a book.

Today, we are going to explore how to generate passive income with a Canadian dividend stock. Let's jump in.

How much monthly passive income should you aim for?

The amount of passive income you can generate through multiple sources is virtually unlimited. However, you should not look to sink all your investment cash into one or a handful of income-yielding equities. Diversification is important no matter what investment strategy you choose to pursue.

Inflation has weighed on Canadian consumers for most of 2022. This is especially true at the grocery store and the gas pump. In this instance, we are going to look to generate $250 in passive income through an individual stock. That $250/month could make a huge difference for a working family that faces growing bills.

Where should you stash your dividend stock?

Ideally, you should look to stash this stock in a Tax-Free Savings Account (TFSA). Income generated in a TFSA is entirely tax free. That means you get to pocket the entirety of that $250 without paying a dime to the Canada Revenue Agency (CRA). This alone is worth celebrating. By contrast, passive income generated through rental income or something like a published book will be subject to taxes. The TFSA is just too good to pass up for income-oriented investors.

This stock can deliver big passive income on a monthly basis

Bridgemarq Real Estate (TSX:BRE) is the Canadian stock I want to snatch up today to generate $250 in passive income in our TFSA. This Toronto-based company provides various services to residential real estate brokers and REALTORS in Canada. Shares of this real estate-focused dividend stock have dropped 17% in 2022 as of close on November 2. The stock is down 20% year over year.

Canadian real estate has been battered in 2022 in the face of the Bank of Canada's aggressive rate-tightening policy path. This has dramatically impacted sales and home prices, especially in major metropolitan areas. Despite that, I'm still looking to snatch up Bridgemarq for its value and its mouth-watering income.

This stock currently offers a monthly dividend of $0.113 per share. That represents a monster 10% yield. In our hypothetical, we'll look to snatch up 2,213 shares of Bridgemarq. This investment will allow us to generate passive income of $250 and change on a monthly basis. Once again, that monthly passive income will also be tax free if we stash it in a TFSA.

Meanwhile, shares of Bridgemarq also possess an attractive price-to-earnings ratio of 7.6 at the time of this writing. Canadian investors will be getting an undervalued dividend beast if they choose to go forward with this strategy in early November.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:BRE (Bridgemarq Real Estate Services Inc.)

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