



How to Generate \$500 in Passive Income Each Month

Description

No matter how high your income is, it always helps to have a reliable source of passive income to fight inflationary pressures. While there are many ways to start earning passive income in Canada, [dividend investing](#) is my favourite. Considering the flexibility dividend investing gives you, it's also probably the most convenient way to generate passive income.

In this article, I'll talk about one of the best Canadian dividend stocks you can buy for the long term to keep earning \$500 in passive income each month.

A top Canadian monthly dividend stock to buy now

While it's not easy to perfectly time your entry into the stock market, the recent market pullback has made many [fundamentally](#) strong dividend stocks look [undervalued](#). That's why it could arguably be the best time for long-term investors to buy such stocks at a big bargain. For example, **Chartwell Retirement Residences** ([TSX:CSH.UN](#)) has seen a 33% correction in 2022 so far to trade at \$7.97 per share due mainly to the broader market selloff amid a dimming short-term economic outlook. By comparison, the **TSX Composite Index** has seen about 8% value erosion on a year-to-date basis.

Chartwell's stock offers an annual dividend yield of 7.7% at the current market price, making it one of the most attractive monthly dividend stocks to buy in Canada. Now, let me highlight some key positive factors that make it a safe dividend stock to buy and hold for the long run.

Key reasons to buy it now

Chartwell Retirement Residences is a Mississauga-headquartered open-ended real estate trust with a [market cap](#) of \$1.9 billion. The company primarily focuses on operating and managing retirement and long-term-care properties across Canada. With nearly 200 retirement communities and 31,173 suites or beds, it claims to be the Canadian Senior living sector's largest operator.

To give you an idea about the underlying strength in its financial growth trends, Chartwell's total

revenue [rose](#) by 20% in five years between 2016 to 2021. More importantly, the company's adjusted net profit jumped by a solid 111% during the same five-year period from \$4.8 million to \$10.1 million. Growing demand for retirement and long-term-care communities with the rising elderly population in Canada is likely to give a big boost to its financial growth trends in the long term.

Moreover, Chartwell's healthy liquidity position and focus on new acquisitions make it one of the most attractive Canadian monthly dividend stocks to consider right now — especially after a recent sharp correction in its share prices.

Bottom line

If you want to earn \$500 a month in passive income, you can buy 9,804 shares of Chartwell Retirement Residences. To own these many shares at the current market price, however, you'd need to make an investment of about \$78,138 in its stock right now. While this example shows how easy it could be to earn passive income in Canada, it's always recommended that long-term investors try to diversify their portfolio by adding more such stocks to it instead of pouring too much money into one stock.

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1. Dividend Stocks
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