



Generate \$500 in Passive Income Each Month: Here's How

Description

Dividend stocks have seen a bit of a selloff in the last few months, unfortunately. While these stocks usually receive far more attention in the past, even during poor environments, fixed-income stocks that include bonds have received more attention due to a potential recession.

Yet does that mean you should jump on this bandwagon? Yes and no. Having fixed-income stocks and bonds in your portfolio is always a smart choice. However, ignoring the deals you can receive from dividend stocks isn't necessarily a good option — especially when you consider some of the top long-term holds.

What to look for

What should investors look for if they want to generate passive income each month? First off, you need to look at solid industries that will continue to grow, even during a downturn. One such industry that remains on my radar is health care.

Healthcare companies that focus specifically on essential services are some of the best options investors can consider for their portfolio. As we learned during the pandemic, these stocks will continue to grow no matter what the market is doing.

But that doesn't mean you should go with just any healthcare company. In fact, some can be quite risky if the focus is on an experimental drug, for example. Instead, a company that I would consider for passive income for life is **NorthWest Healthcare Properties REIT** ([TSX:NWH.UN](https://www.tsx.com/stocks/nwh-un)).

Why NorthWest

I've already gone over why [health care](#) is a solid choice, but properties in particular are especially strong. And NorthWest stock offers properties around the world in every area of the healthcare sector, whether it's offices or hospitals. What's more, the company continues to grow, acquiring more healthcare properties and retaining a high occupancy rate in the process.

But that's not the only reason I would consider NorthWest stock. The company continues to provide a dividend of \$0.80 annually. The company has yet to increase the dividend. It instead is using its cash to invest in more [properties](#), which could climb even higher in the next year in a better interest rate environment.

For now, though, you can grab this dividend at a yield of 8.42% as of writing. That's with shares down 26% in the last year and trading at 8.18 times earnings as of writing.

How to create \$500 each month

If you're looking to create \$500 each and every month, that means you need to create \$6,000 in passive income each year. That's again why now is a great time to consider NorthWest stock. With shares down, you can get a far better deal and receive even more in returns when the market bounces back.

If you want to bring in that amount each month, here's what it would come down to in the chart below.

COMPANY	RECENT PRICE	NUMBER OF SHARES	DIVIDEND	TOTAL PAYOUT	FREQUENCY
NWH.UN	\$9.49	7,500	\$0.80	\$6,000	Annually

To bring in \$6,000 in passive income each year, it would take 7,500 shares at this point in time. That would come to a total investment of \$71,115 as of writing. It's certainly doable, albeit very costly, as you can see. I don't say it's expensive, given the current rates and the potential upside. That upside could increase your 7,500 shares from \$71,115 to \$108,150 at 52-week highs of \$14.42! And that's all while receiving that solid \$500 of passive income each and every month.

CATEGORY

1. Dividend Stocks
2. Investing

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