



How to Earn \$3000/Year in Reliable Passive Income

Description

With inflation soaring, earning extra passive income is more important than ever. If you want a [diversified investment portfolio](#) with relatively low risk, here's one way you could earn \$3,000 a year with as little as \$60,000 of capital.

A 5% One-Year GIC: Lowest risk passive income

Right now, with the yield curve inverted, you can buy short-term one-year GICs (Guaranteed Investment Certificates) at significantly higher interest rates than the past several years. In fact, with some smaller, online banks like **EQ**, you can lock-in [one-year GICs](#) with a 5% interest rate. If you put \$12,000 into an EQ One-Year 5% GIC, you would earn \$600 upon maturity.

There are a few things to understand with GICs. First, they are generally locked-in and unredeemable until maturity. You don't collect your interest until the GIC fully matures.

Secondly, GICs pay interest, which is taxed at your personal income tax rate. That means they are best held in a registered account like a [TFSA](#). Lastly, your return is limited to the interest earned, so you have low risk, but no capital upside.

TD Bank

If you want a step-up in potential returns, [Canadian banks](#) like **Toronto-Dominion Bank** ([TSX:TD](#)) are stalwarts for earning passive income. Combine its dividend and capital gains, and it has earned a compounded annual return of around 10% for the past 10 years.

Today, at \$88.70, this passive income stock yields 4.4%. If you put \$12,000 to work in TD stock, you would earn \$129.60 per quarter, or \$518.40 annually in dividends.

TD Bank is well-capitalized and prudently managed. It has an extremely strong retail network in Canada and the United States. The bank has decades of dividend growth under its belt, so investors

are likely to get passive income upside over the longer term.

BCE

If you are looking for an outsized dividend, **BCE** ([TSX:BCE](#)) is a good place to look. As Canada's largest telecommunication and media stock, it has the size and scale that provide it a solid competitive advantage.

At \$60 per share, BCE stock earns a 6.2% dividend yield. Put \$12,000 in BCE stock and you would earn \$184 every quarter, or \$736 annually.

BCE is not growing very fast. However, it is nearing completion of a large capital growth plan. That should yield strong free cash flows in the future. That means more passive income will likely be coming to shareholders in the form of dividend increases.

CNQ

Energy is a great place to look for passive income. **Canadian Natural Resources** is an ideal stock to collect dividends. It is Canada's largest oil and gas producer. It is incredibly efficient and well-managed. With oil over US\$70 per barrel, it continues to generate a tonne of excess cash.

At \$70.50, it trades with a 4.5% dividend yield. \$12,000 in CNQ stock would yield \$144.50 of dividends per quarter, or \$578 annually. For 22 years, CNR has increased its dividend annually. Last year, it even paid a special \$1.50 per share dividend!

Brookfield Renewable: Passive income and growth

If you want exposure to renewables, **Brookfield Renewable Partners** is another alternative. It is one of the largest pure play [renewable power stocks](#) in the world. Given demand for green energy, the company has a very attractive long-term growth profile.

You can buy this passive income stock with a 4.8% yield at \$35.80 per share. \$12,000 invested in Brookfield Renewables would earn \$144.05 quarterly, or \$576 per annum. It targets 5-7% annual dividend growth. This is a great stock for stable income and long-term growth ahead.

COMPANY	RECENT PRICE	NUMBER OF SHARES	DIVIDEND	TOTAL PAYOUT	FREQUENCY
EQ Bank 1 Year GIC	N/A	N/A	5%	\$600.00	Annual
Toronto-Dominion Bank	\$88.70	135	\$0.96	\$129.60	Quarterly
BCE	\$60.00	200	\$0.92	\$184.00	Quarterly
Canadian Natural Resources	\$70.50	170	\$0.85	\$144.50	Quarterly

Brookfield Renewable Partners	\$35.80	335	\$0.43	\$144.05	Quarterly
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Prices as of January 2023.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:BCE (BCE Inc.)
2. TSX:TD (The Toronto-Dominion Bank)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
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Author

robbybrown

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