



How to Generate \$500 in Passive Income Each Month

Description

It's always a good idea to start saving a part of your gross income at an early age. You can use these savings in difficult times or invest that money in some [fundamentally](#) strong [Canadian dividend stocks](#) to generate monthly passive income. Among all possible ways to earn monthly passive income, dividend investing is one of the most flexible, as you can invest or withdraw your money any time you want. Besides that, you can also adjust the amount you want to invest in dividend stocks at a time according to your risk appetite.

In this article, I'll talk about a top dividend stock in Canada you can buy right now to earn \$500 in passive income each month.

A top Canadian dividend stock for monthly passive income

When you're investing in a dividend stock, you should always look at its financial and dividend-growth trends besides its dividend yield. On the one hand, a fundamentally weak stock with high yields may cut or even discontinue its dividends in difficult economic times. On the other hand, a company with a strong financial base can afford to keep rewarding its investors with high dividends each year, despite temporary economic uncertainties.

With these factors in mind, I find **Sienna Senior Living** ([TSX:SIA](#)) attractive to buy for the long term to earn monthly passive income. This Markham-based company currently has a [market cap](#) of \$919 million. The stock is outperforming the broader market by a healthy margin in 2023 after losing nearly 28% of its value last year. While SIA stock is up 15.6% on a year-to-date basis at \$12.60 per share, the **TSX Composite Index** has risen only 5.8% this year. At this market price, Sienna's annual dividend yield is at 7.4%.

Key reasons to buy this stock now

At the end of the September quarter, Sienna Senior Living had a portfolio of 80 seniors' living residences. Besides that, it also managed 13 third-party residences. Apart from its attractive dividends,

this strong portfolio of government-funded long-term-care communities and private-pay retirement properties makes it stand apart from most of its peers.

In the five years between 2016 and 2021, Sienna's total revenue [rose](#) 34%, and its adjusted earnings witnessed a decent increase of 15% despite facing 2020's COVID-19-driven challenges. In recent years, the company has increased its focus on optimizing its balance sheet and financial position to minimize its risk profile.

If you don't know it already, based on 2021's census data, the +85 age group population in Canada is likely to nearly triple in the next 25 years. This increase in the elderly population is likely to create more opportunities for seniors' living options providers like Sienna and help it expand its business further. This is one of the key reasons why its share prices can strengthen in the long run.

COMPANY	RECENT PRICE	NUMBER OF SHARES	DIVIDEND	TOTAL PAYOUT	FREQUENCY
Sienna Senior Living	\$12.60	6,411	\$0.078	\$500.06	Monthly
Prices as of Feb. 17, 2023					

Bottom line

If you want to earn \$500 in monthly passive income or \$6,000 a year from its dividends, you'll need to buy 6,411 shares of Sienna Senior Living at the current market price with an investment of \$80,779. However, as I said at the start of this article, you can always adjust the money you want to invest in monthly dividend stocks according to your risk appetite. In addition, you should always aim to diversify your portfolio instead of pouring a big amount of money into a single stock.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:SIA (Sienna Senior Living Inc.)

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Author

jparashar

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