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DISCLAIMER - I am not a Financial Advisor and do not work for any Brokerage Firm. The opinions given are my own and are not to be used as professional advice. These are my findings and can hopefully help you make informed decisions on investing. Consult a Broker or Lawyer before making any investment.

What I Love About Passive Income

What is greater than Passive Income? Perhaps in this 105-degree weather this week, a bowl of ice cream with some fruit might be better. But as far as money growth, there are few things better than Passive Income.

[What Is Passive Income?](#)

Day in and day out, here are a few things greater in life in regards to bringing in steady money than passive income. If you are like me, you were taught to go to school and get a great education, find a steady high-paying job, and exchange your time for money. So the only way you receive a paycheck is by trading your time for the pay. The problem is you only have so many hours a day, and then tomorrow, you must start over to get more money.

You only have so many hours in life, so we need to find a better way to bring in money. Rich people do not trade time for money, but they buy assets. Robert Kiyosaki has written many books on this topic beginning with his best-selling book “Rich Dad, Poor Dad”. In his books, he teaches that we all need to find ways to make Passive Income. He says we need to create assets that will make us money. So passive income can come in so many ways. You could write a book and sell it, and that would be passive income. Written once, but it sells over and over.

One of my favorite methods of passive income is to buy an asset. That could be a rental property, but my choice is to buy stocks and ETFs (Exchange Traded Funds) that make me money via dividends.

[Investing with ETFs](#)

There are so many good dividend-paying stocks. I like to use my Schwab IRA to buy ‘stock slices’ in companies I feel are good dividend payers and also are potential growth companies. This is called DGI / Dividend Growth Investing. These are companies that will make you steady dividend income, but due to growth may also gain in value as their stock prices go up.

[What is Dividend Growth Investing](#)

There are many ways to invest and to find high-paying dividend growth companies. Two of my favorites are those on the Dividend Aristocrats list and those on the Dividend Kings list. Dividend Aristocrats are

companies that have raised their quarterly dividends for 25 years or longer. Dividend Kings are those who have done that for over 50 years. Requirements to meet the lists are different, but there are some companies on both lists which certainly are worthy of consideration. Read about those two lists at:

[Dividend Aristocrats](#)

[Dividend Kings](#)

This past year I have come upon 3 other classes of investments that are making me the most in dividends. I will discuss only my favorite of the 3 today. Those high-paying dividend stocks are called Preferred Stocks. Briefly, the advantage of Preferred Stocks over normal stock is they sell at a fixed par value which is normally either \$25 a share or \$10 a share. And because the stock market is liquid, these vary in price a lot.

So, if you buy a company's preferred stock that is out of market favor, it will sell at a discount to par. I try to buy all of mine on those with 14 to 70% discount to par. The dividends are still paid on the par value. So if you buy a stock that pays 8% dividends and you buy it at a 50% discount to Net Asset Value, the real return is 16%. And if purchased at a discount, normally these move back to closer to par value over time.

You make a lot more in dividends and the percentage of dividends is great. When you combine that with my plan of stop loss orders at 92% of the value I paid for it, your chances of much loss are greatly minimized. I find most of my Preferred Shares on the [PreferredStockChannel.com](#).

If you sign up for their weekly newsletter, they will send you a complete list weekly of the top 10 highest-paying Preferred Stocks. Be careful of following that list as some companies are in trouble and may wind up in bankruptcy. Also, some have declared dividends but have not paid them. So being on the list simply gives you a stock to review. Due diligence is required to purchase those that are good buys and not in a serious financial state.

[Understanding Preferred Stocks](#)

I will discuss my other two high-paying dividend categories in the next few weeks and also discuss REITs (Real Estate Investment Trusts) which are another great method to earn passive income.

Have a great week. Study and find some methods to start earning passive income. A year ago I had almost no dividend income, and this month we are now up to \$175 per month. Not a lot of money, but we are increasing it by \$25 to \$33 each month and should be at over \$1,000 in a few years. What is great is they pay you while you sleep. No effort is required on your part but to maintain and monitor your investments and stop loss orders. I update mine at least once per month.

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