

# MAKING MONEY IN YOUR SLEEP

---

Ten Sources of Passive Income  
You Can Earn Without Leaving  
Your High-Paying Job



Queeninvest



# I'M CURIOUS...

Can you have it all? Can you have the right balance between your family, career and money that brings you fulfillment and joy?

What's the first step in achieving that balance?

I believe that properly taking care of your money and feeling that your financial life is under control is a great foundation for filling in the other pieces. When you're at peace financially, everything else is that much easier.

Earning a high income is a great start, but having your money work for you and earning passive income from your investments is what will eventually lead to financial freedom.

What is the best way for time-strapped, busy, successful professionals to earn passive income without leaving their jobs and abandoning their career aspirations? You have many choices where to invest your money and earn regular income depending on your goals, time horizon and appetite for risk.

The best choice are investments that do not require constant attention and management, rather, they are "set it and forget it" investments that will generate consistent income after the initial planning and implementation.

This guide outlines ten types of investments – in order of liquidity, that can build your wealth, generate regular cash flow, reduce risk, and help you become financially independent.

All the best,

*Ruzanna*







# Brokered Certificate of Deposit (CD) Ladders

Brokered CD ladders is an investment strategy that involves buying a series of CDs with staggered maturity dates through a brokerage firm, such as Fidelity.

When you buy a ladder, you divide your investment in chunks by maturity date, e.g. a 1-year ladder will consist of 3, 6, 9, and 12 month CDs sold as a “bundle”. When the 3-month CD matures, you’ll buy another 12-month CD and have another complete ladder. If the rates increase, the new 12-month CD will be reinvested at a higher rate allowing you to earn more interest.

## Role in your passive portfolio

Brokered CDs are a great way to invest your money for near-term goals when you have a major purchase in a couple of years and don’t want to the risk of investing in stocks.

They can also be used as a way to invest your emergency fund and earn higher interest than a savings account.

Lastly, brokered CDs can serve as a cash cushion in retirement to protect your retirement portfolio from large withdrawals during market downturns.

### Pros:

- Liquidity – unlike bank CDs, you can sell brokered CDs without a penalty
- Higher rate than a bank CD
- Auto-roll feature allows reinvesting without any work from you

### Cons:

- The interest is taxed as regular income in the year it was received
- No opportunity for capital appreciation
- Brokered CDs may be called, i.e., the issuing bank will cancel the CD if the interest rates decrease and the bank is able to borrow at a lower rate

Notes:



# Bond Interest

When companies and governments issue debt, they compensate their creditors with interest that you can receive as income, typically every six months.

The interest rate – or coupon, can be fixed or variable and the amount you receive will depend face value of the money you've lent.

For example, if you buy \$10,000 worth of bonds and the coupon rate is 6%, you may receive \$300 every six months as income. The bonds will have a maturity date and if you hold your bonds to maturity, you'll get the entire principal back. You can also sell your bonds before maturity, but you need to be aware that the prices of bonds fluctuate in the market and depend heavily on the current interest rates.

## Role in your passive portfolio

Bonds provide regular, fixed amount of passive income that you can use to pay bills in retirement.

If you're nervous about the markets and preserving your capital, bonds will provide stability for the principal since they typically move in the opposite direction from stocks. You can buy individual bonds as well as bond mutual funds to achieve a certain mix between stocks and bonds that's in line with your risk tolerance.

### Pros:

- Regular income you can count on, typically in retirement
- Lower risk than the stock market
- A good way to diversify your portfolio and reduce portfolio volatility

### Cons:

- Poor inflation hedge
- Lose purchasing power over time
- Lower returns than stocks over the long-term

Notes:



# Ordinary Dividends

Companies distribute a portion of their profits to shareholders as dividends and you can receive monthly or quarterly dividends from your stock holdings as passive income.

Dividends are paid “per share” and you’ll receive a dividend for each share of the stock that you own. You can choose to spend the dividends or reinvest the dividends in the stock, compounding your return and accelerating the growth of your stock portfolio.

## Role in your passive portfolio

Dividends are a great way to supplement your income and receive regular checks without any additional work apart from the initial investment decision. The best time to have dividend-paying stocks is closer to retirement when income becomes more important than growth.

### Pros:

- Regular, stable source of cash flow in retirement when you need additional income
- The stocks will rise in value over time and provide additional return and boost your capital
- Dividend paying stocks are typically considered defensive and may be more resilient in market downturns

### Cons:

- Dividend-paying stock price may not grow as fast as growing, newer company stocks
- When the rates rise, investors may shift their money into bonds and the dividend-paying stocks may drop in value
- A company may suspend its dividend when profits are lower which may negatively impact your lifestyle and the amount of retirement income you receive

Notes:



# Real Estate Investment Trusts (REITS)

REITs are companies that own, operate, or finance income-generating real estate. They pool funds from multiple investors to purchase and manage a diversified portfolio of properties, such as commercial buildings, residential complexes, shopping centers, or hotels.

REITs allow individuals to invest in real estate assets and earn passive income through dividends. REITs were created in the 1960s by the government to allow regular citizens to invest in real estate; they are required by law to distribute most of their dividends to their shareholders.

REITs are traded like any other stock and you can buy and sell shares of REITs in your brokerage or retirement portfolio. They are liquid instruments that pay regular dividends and have had a strong performance record relative to the stock market.

## Role in your passive portfolio

REITS are an easy way to passively invest in real estate without owning a physical asset and REITS can provide regular income in retirement. They are a great way to diversify your portfolio, reduce risk and allocate your money in a different asset class from stocks and bonds.

### Pros:

- Liquid investments that provide exposure to real estate that you can buy or sell at any time
- Professionally managed real estate holdings without spending your time managing properties
- Regular income stream higher than stock dividends due to REIT structure's tax advantages

### Cons:

- Dependence on real estate market performance. If the real estate market struggles so will the REITs
- REITs are sensitive to interest rates and as borrowing costs increase, REIT expenses will do as well reducing both profitability and property valuation
- REITS are exposed to the stock market and REIT prices may drop in market downturns

Notes:



# Multi-Family Real Estate, a.k.a Syndications

A multifamily syndication is a real estate investment strategy where many investors pool their money to invest in a multifamily property.

In a syndication, a sponsor (also known as the syndicator or general partner) identifies and manages the property, while individual investors participate as limited partners. The limited partners receive regular checks from the rent collected from the property and they also receive a return when the building is sold in several years.

## Role in your passive portfolio

Multifamily investments are a great way to invest in real estate passively and receive both income and grow your capital.

Syndications serve as an inflation hedge because the rents received will increase if the inflation moves higher. Having syndications in your portfolio will reduce the overall risk of your portfolio since real estate typically moves in a different direction from stocks.

### Pros:

- Access to larger investments that individual investors wouldn't be able to have otherwise. By pooling resources together, investors can invest in large deals that bring higher cash flow and capital appreciation over time
- Multifamily properties are professionally managed by experienced real estate professionals and investors can leverage the skills of the syndication team to enhance the performance and value of the investment
- Regular income stream and return of capital with appreciation potential in a relatively short amount of time

### Cons:

- Limited control and decision making as the syndication sponsor or lead operator makes key decisions related to property acquisition, financing, property management, and exit strategies
- Illiquidity and lock-in periods since multifamily syndications are often long-term investments. Investors may face restrictions on their ability to sell or exit the investment before a predetermined holding period
- Market conditions can adversely affect syndications if the real estate market sours, rental demand changes, rates increase, etc

Notes:



# Annuities

Annuities are financial products typically offered by insurance companies. They provide investors with a way to receive a regular income stream over a specific period or for the rest of their lives.

Annuities can be structured as immediate annuities, where income payments begin immediately, or deferred annuities, where income payments are delayed until a future date. They may be quite complex and understanding the terms of the policy is key to picking the right one for your goals.

## Role in your passive portfolio

Annuities provide a reliable and guaranteed income stream in retirement.

They offer a level of certainty and protection against market volatility, ensuring a consistent source of income for individuals in their post-work years. Additionally, annuities can serve as a supplement to other retirement savings and investments, enhancing the overall diversification and income stability of your portfolio.

### Pros:

- Annuities offer a reliable and guaranteed income stream and depending on the type of annuity, you can receive payments for a specific period or for the rest of your life
- Annuities provide the opportunity for tax-deferred growth, meaning that any investment gains within the annuity accumulate on a tax-deferred basis which is beneficial for investors in higher tax brackets
- Annuities can offer estate planning benefits by providing a death benefit to beneficiaries

### Cons:

- The fees may be quite high and annuities typically have surrender charges for early cancellations
- Annuities may have limited liquidity. Withdrawals from annuities before reaching a certain age or within the surrender charge period may incur penalties and fees
- Annuities may have lower returns because they are influenced by prevailing interest rates, investment performance, and the specific terms of the annuity contract

Notes:





# Hedge Funds

Typically reserved for high net worth individuals or institutions, hedge funds pool capital from accredited investors and employ various investment strategies that can be quite complex and be based on mathematical algorithms to make buying and selling decisions.

The goal of hedge funds is to provide higher returns which comes with increased risk and in order to reduce risk, these funds will “hedge” their investments in various ways. Hedges can be insurance they purchase, other investments with a low correlation to the strategy or some other way to protect the invested money.

## Role in your passive portfolio

The goal of a hedge fund is to beat the stock market. In a typical portfolio, hedge funds will be allocated as “alternative” asset class that’s supposed to be more opportunistic rather than “bread and butter” investment for the majority of your investments.

Additionally, hedge funds come with risks such as higher fees, limited liquidity, and potential for underperformance, so careful evaluation and due diligence are necessary to assess their suitability for an investor's specific goals and risk tolerance.

### Pros:

- Potential for higher returns because of their flexibility in investment options, such as short-selling or using leverage, i.e., borrowed money to enhance returns
- Hedge funds often invest in a wide range of asset classes and use various strategies, allowing for greater diversification within a portfolio
- Access to experts who deploy sophisticated strategies to boost returns

### Cons:

- Hedge funds typically charge high management fees and performance-based fees, known as “2 and 20” (2% management fee and 20% of profits)
- Hedge funds often have restrictions on liquidity, with investors typically facing lock-up periods during which they cannot withdraw their investments
- Big bets = big losses if the strategy “fails” or the market moves against the strategy

Notes:



# Businesses

Many businesses at different life stages are looking for capital and providing growth or expansion capital to companies may be a very lucrative investment.

Most businesses will go through several rounds of financing and you can have opportunities to invest and become an owner early on and participate in the company's profits as it grows and makes money.

## Role in your passive portfolio

Investing in a business is pretty risky and a good way to think about a business investment would be as an "icing on the cake", a way to have more returns after your basic retirement savings plan has been set and invested.

### Pros:

- Significant return potential if the company grows and generates profits thus boosting valuation and the exit price
- Active involvement in the company and opportunity to influence its direction and operations
- Diversification potential

### Cons:

- Significant time and research required to evaluate the company and its growth potential
- Time and effort involved to operate and manage the company and personnel
- Risk of failure if higher with private businesses that don't take off

Notes:



# Rental Properties

Owning rental units is a classic passive income investment vehicle that can provide steady cash flow that keeps up with inflation and augments your income.

You can build a portfolio of properties that you can rent out from a few days to many years depending on your goals and preferences.

## Role in your passive portfolio

You can own rental properties as an income source, for capital appreciation, or both. Rent provides regular cash flow that you can count on if you properly manage your properties and as the value of the property increases, you can sell it and buy another property, count on for retirement income, etc.

### Pros:

- Physical asset that appreciates over time and provides stable cash flow
- You can borrow funds against equity to grow the portfolio and income potential
- It's not subject to day-to-day volatility and housing prices rise over time

### Cons:

- Significant time and effort involved to manage the properties smoothly and generate profits
- Need a large portfolio of properties to live off rent exclusively
- Illiquid investment that you may not be able to sell if you need to access cash quickly

Notes:



# Pensions & Social Security

While not traditionally considered a source of passive income, these two sources of cash flow are truly passive in that you receive regular income regardless of economy, market conditions, life events, or your decisions.

## Pensions

Although an increasingly rare benefit, government and corporate pensions can provide a substantial amount of regular income each month, both as a main source of funds or as a supplement to your own retirement portfolio. Most pensions have distribution options that you can pick depending on your and your spouse's needs and your pension can provide for your surviving spouse.

When considering a career choice, it may be worth to think of careers that may not be as lucrative presently but provide substantial pension benefits. If your lifestyle allows, it may be a savvy long-term strategy because having stable retirement income is a major challenge and goal for the majority of Americans.

## Social Security

You've contributed to Social Security over the years from your income and when you retire, this benefit may provide a significant portion of your essential living expenses.

Social Security can be viewed as an annuity you can't outlive and with the inflation adjustments, you can receive hundreds of thousands dollars of income over your retirement timeline. Since Social Security rules are complex, many Americans don't know about the substantial benefits they can earn by deploying the optimal claiming strategy.

Social Security provides over 13 types of benefits and understanding and using Social Security to your advantage can be highly profitable and generate substantially more income.

Notes:



# LET'S HAVE A CONVERSATION!

Each investment in this guide is a great option on its own and it's essential to start with a financial plan to clarify your goals, devise a financial strategy and then pick the best investments that will bring you security, stability, and peace.

Whether you're just starting out or have years of experience generating passive income, we understand your financial challenges and have plenty of experience helping people just like you achieve their financial goals.

But it all starts with a conversation ...

## GET IN TOUCH

I can't wait to hear from you and learn how I can help you with life financial planning, investment management, and business consulting services.

[ruzanna@queenvestllc.com](mailto:ruzanna@queenvestllc.com)

(617) 913-7346

Monday-Friday available from 9 am - 4 pm

[www.queenvestllc.com](http://www.queenvestllc.com)

GET IN TOUCH