



Week 11 - Active, Passive and Residual Income Ideas

We have all heard the term - make money while you sleep - and who doesn't want to do that? But unless you work for a sleep study laboratory it is really hard to find a way to do that!

There are 3 ways to make money. Active income, passive income and residual income. Today let's learn the difference between them.

Active income is where you get paid for work, goods or services. I am a CPA, consultant and executive coach. I get paid by the month for the services I deliver. That is active income.

There are many, many ways to make more active income. Here are 7 really quick and easy ways to make active income:

1. Drive for Uber or Lyft.

Companies like Uber and Lyft offer a great opportunity to make some quick cash. You'll need a clean driving record, a fairly new car and the authorization to work wherever it is that you live. If you have all of those things, you can work when it's feasible for you, whether that's in the middle of the day during rush hour, or in the wee hours of the night on a weekend. The choice is yours.

2. Become a market research participant.

Just after college I participated in loads of market research. It's fairly quick money for not a lot of work. Companies looking for consumers' opinions on a variety of products and services put you in a room to garner your opinion. That's it.

This often involves writing or stating your opinion, answering polls or surveys, or breaking off in a discussion group. The mechanics don't matter much. The point is that you can rely on it from time to time.

3. Do tasks with TaskRabbit.

TaskRabbit lets you tap into an existing marketplace of people looking for help locally with chores. The tasks aren't always small. They also offer bigger tasks, such as home renovations, as well.

Amazon is getting into the task business with Amazon Home Services. The services listed there range from very small repairs to larger and more involved tasks that would take considerably more effort.

4. Deliver for PostMates.

You can earn some cash when you're in dire straits by using PostMates, and you don't even need a car, just a bike for deliveries in busier cities and downtown centers. I've used it to get food from specialty places that don't deliver themselves, but it can be used for many things.

PostMates states on their website that you could earn up to \$25/hour doing deliveries. You could also earn some tips in the process so it's a great option for people that are looking to do something in their spare time, similar to the big ride-sharing apps that are hogging up app stores everywhere.

5. Advertise for companies with a car wrap.

Platforms like Carvertise connect brands and companies with drivers. The process is simple -- agree to turn your car into a roaming billboard for a price. If you qualify, you can earn a set monthly fee for advertising with your car. You won't have to pay anything to do this, but you'll need a clean driving record and a fairly new car.

You'll have to drive the car enough to be worth it for brands paying for your services. If you have all that, then you could make a bit of side-hustle income through this endeavor.

6. Walk dogs.

There are networks devoted connecting dog owners with dog walkers. Rover is one of the largest networks of dog walkers out there. Of course, you could also use social media or just knock on neighbors doors to

advertise your services, but you can easily use one of these services.

Do a great job if you're serious about building a track record of solid reviews. That will help you make money in the future when you're in desperate need of it.

7. Babysitting with Care.com.

You can easily do some babysitting when you need to make a few bucks quickly. Parents everywhere are always in need of babysitting and nanny services.

Websites like Care.com connect parents with babysitters. The company does all the background checking and other due diligence to put parents' minds at ease. Of course, you can appeal directly to people in your personal network, but if you're looking to generate recurring revenue sign up with a site marketing to parents looking for child care services.

What these all have in common are exchanging your time for money - active income.

Now let's talk about **passive income**. This is where you make money while you sleep. Passive income is money you make without much, if any, effort on your part. Often it comes from investments of time or money you have made in the past. These types of passive income require you to invest money up front to generate the passive income later. Don't be alarmed though - you can start with as little as \$5 with some of these ideas, so it's achievable for everyone.

1. Dividend Stocks and bonds.

Dividend stocks are tried and true way to earn passive income. You will have to do plenty of research to find good stocks and invest a significant amount of money to receive large dividend checks. However, if you consistently invest money into dividend stocks you can amass a nice residual income over time. Just make sure you open an account at the best online brokerage, and get rewards while doing it.

Stocks also have the side benefit of (hopefully) growing over time. In the past 52 weeks the stock market has gone up over 30%. That is real passive income!

2. Rental Properties.

A cash flowing rental property is a fantastic way to bring in a monthly income. To make this truly passive you can outsource the running of the properties to a management company. Down side is you have to have enough money or credit to buy rental property.

However, one way to get started with rental properties is through crowd funding. Similar to LendingClub, you can start investing in real estate for as little as \$5,000 at platforms like RealtyShares . Another similar platform is FundRise and they only have a \$500 minimum to get started and offer a variety of options. FundRise has really been a great performing passive income investment over the last year. The great thing about using a platform versus doing it yourself is that the income is even more passive.

3. CD Ladders Or Money Market Funds.

Building a CD Ladder requires buying CDs (certificates of deposits) from banks in certain increments so that you can earn a higher return on your money. CDs are offered by banks and since they are a low risk investment they also yield a low return. This is a good option for the risk averse.

If building a CD Ladder sounds complicated, you can also stick to a traditional high yield savings account or money market fund. While the returns aren't as amazing as other things on this list, it's better than nothing, and it's truly passive income!

4. Annuities.

Annuities are an insurance product that you pay for but can then provide you passive income for life in the form of monthly payments. The terms with annuities vary and are not always a great deal so it's best to talk to a trusted financial advisor if you're interested in purchasing an annuity.

5. Affiliate marketing.

This is a passive income technique that is better suited to people who have blogs and active websites. You can sign up to promote certain products or services on your site, for which you will be paid either a flat fee or a percentage of the amount of the sale completed.

This isn't as hard to do as you might think, since there are thousands of companies in the world who want to sell their products in as many places as they can. You can find affiliate offers either by contacting vendors directly, or on dedicated websites, such as ClickBank. It's always best if the product or service is one that you are either very interested in or is highly relevant to your website.

And finally, **residual income** is where you make or sell it once and it pays you ongoing. Usually these payments are agreed upon in advance and last long after the sale has happened. A good example is royalties for a book, movie or music which is created once and sold over and over again. Unlike passive income which "takes money to make money", residual income generally requires to put in sweat equity to make it happen.

1. Sell an eBook Online.

Self Publishing is mainstream today. When you purchase an eBook off of Amazon there's a pretty good chance you're buying a self-published book. Self-publishing is also ridiculously easy. I tried this a few years ago and couldn't believe how simple the process was. To self-publish a book you'll first need to write and edit it, create a cover, and then upload to a program such as Amazon's Kindle Direct Publishing. Don't expect instant success though. There will need to be a lot of upfront marketing before you can turn this into a passive income stream.

2. Create a Course on Udemy.

Udemy is an online platform that lets its user take video courses on a wide array of subjects. Instead of being a consumer on Udemy you can instead be a producer, create your own video course, and allow users to purchase it. This is a fantastic option if you are highly knowledgeable in a specific subject matter. This can also be a great way to turn traditional tutoring into a passive income stream!

3. Rent Your Place On Airbnb.

If you have a house, apartment, spare room, or even backyard, consider listing your property on AirBNB and start earning money when you get your place booked. You can sign up your place today.

AirBNB is great because you can earn money on a space you already own. It does require a little work up front to prep your place, list it, and clean up after guests, but it's pretty passive otherwise.

4. Design T-Shirts.

Sites like Cafe Press allow users to custom design items like T-shirts. If your design becomes popular and makes sales you'll be able to earn royalties. Even Amazon has gotten into this business. Amazon has a new service called Amazon Merch, where you simply upload your designs and Amazon takes care of the rest (making it, packing it, and shipping it). Just be sure you are not inadvertently copying or using someone else's idea - like putting a Disney character on your t-shirt.

And I couldn't end this without discussing:

5. Network Marketing.

Network marketing, or multi-level marketing, seems to be on the rise. Companies such as Young Living Oils, Avon, Pampered Chef, and AdvoCare are all multi-level marketing companies. You can earn residual income through network marketing by building a team underneath you (often referred to as a down line.) Once you have a large team you can earn commissions off of their sales without having to do much.

But beware - it takes an investment of money upfront, lots and lots of time, and you will replace your downline over and over in the first few years.

There are some businesses that require a moderate investment and limited involvement and produce ongoing revenue.

1. Car Wash.

This seems like such a great and easy way to earn a semi-passive income. While regular maintenance will be needed at a car wash it's something you can either hire out or perform once a week. As a side note, I'm talking about the really basic car wash that is cinderblocks, a pressure washer, and coin operated. If you're going to run a drive through car wash, it's definitely a business vs. a passive income stream.

2. Vending Machines.

Vending machines are another great low maintenance small business idea. I have a friend who has vending machines all over neighboring

towns. He replenishes and cash's them out once every two weeks. His vending machine business is part of his retirement plan.

3. Storage Rentals.

My brother-in-law owned a set of storage rentals and receives monthly checks for letting customers rent these out. The only time he seems to do any work for these is when he has an opening for one of the storage units. If you're not sure about getting into this space, you can also invest in storage rentals via a REIT. FundRise invests in commercial properties like storage rentals and you can get started for as little as \$500.

4. Laundromat.

I debated on listing this one here because while in theory it seems like owning a laundromat would be semi-passive I anticipate there would be a whole lot of ongoing maintenance needed. You be the judge on this one.

Some Easy Passive Income Ideas

Last on the list I wanted to point out a couple of easy passive income ideas. These require no money and no upfront work. While the earnings are menial you still can't beat easy passive income!

1. Cashback Rewards Cards.

If you pay your bills with a credit card make sure it offers cash back rewards. You can let your rewards accrue for a while and possibly put the easy money you earned toward another passive income venture! (Be sure that the card you select doesn't have an annual fee or you might be cancelling out your rewards).

2. Cashback Sites.

Just like cashback rewards cards you should opt to use a cashback site when shopping online. If you don't you're giving up free money that requires little to no work! Compare for yourself the two most popular sites - eBates versus TopCashBack.

Homework:

While it can be tempting to want to pick five passive income ideas to get started with I'd really encourage you to pick one in the beginning. You

need time and the ability to focus to really a grow a passive income stream. Master one thing before moving on to the other.

It's going to take a substantial amount of time or money in the beginning but I promise earning passive or residual income is everything it's cracked up to be! **Pick an idea, make a plan, and dedicate yourself until that income stream comes to fruition.**

Read Chapter 13 of *Think & Grow Rich*.

Keep using your app daily to track your spending

Commit to listening to this podcast and doing your homework.

Until next week

Live Rich!

Cindy