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# Ways to Earn Passive Income

Money has always been the primary driving force behind any economic activity. Every commodity, in fact every item in this planet is evaluated on monetary terms. For some, it just provides the basic human needs while others maintain their luxurious life style by consuming this fortune. Its human nature to seek short-cuts and earning money is no exception. Being the primary exchange commodity, its acquisition requires hard work and commitment.

Normally there are two sources of earning financial income, namely, Salary Income and Business Income. Salaried employment generally requires high educational background, low investment and contains low risk. On the contrary, Business could be established with a low level of education. However, it normally requires initial investment and could be a risky venture. Other than these two traditional methods, a new concept of Passive Income is also gaining popularity in our South Asian community.

Passive Income basically refers to the income that requires minimum resources including time and effort. Passive Income is the income that we all should strive for during our retirement years as they don't require much effort but still enables us to obtain money for our day-to-day expenses. Although this trend is more matured and developed in Western Countries but developing nations, like Pakistan are also catching up with this concept. There are several ways to earn Passive Income and some of them have been briefly explained below.

## **Interest Income (Saving Accounts and Term Deposits):**

One of the basic motives of keeping deposits with Banks, other than security, is to earn interest income. Banking Industry is very competitive and bargaining can help acquiring a good rate especially for the corporate customers. Although investment is blocked for a fixed tenure but it earns a periodic interest income.

Same is the case with Term Deposits which becomes a regular source of income against the deposited investment. Rate of return depends upon the investment and time period involved.

## **Investments (Stock Market / Mutual Funds)**

Stock Market is also a popular form of earning Passive Income. Although it is not everybody's ball game, since there is always a chance of loss. It requires Intelligent Speculation and patience. Investment in shares is rewarded in the form of Dividend, whenever the investee company makes profit. The trick is to buy stocks at a lower price and then wait for the prices to go up before selling it.

If someone cannot digest directly investing in the stock market or even in bonds, then Mutual Funds or other Trust Funds may be opted. These funds basically combine various investments (stock A plus stock B plus stock C) or investment vehicles (stock plus bonds). Of course, the returns depend on how well these investments perform but then, there

are advantages to investing in these funds. The amount of start-up investment is quite low, the holding period can be short, the risks are spread over various investments and investor can normally add on to the fund anytime you want.

## **Rental Income**

According to Robert Kiyosaki (a famous American Businessman), this is one way to ensure big earnings and early retirement. Although it requires a major initial investment but it yields an everlasting return. From renting out a room in your home, to renting out apartments, or a building complex or even a condominium, this is one sure way to earn passive income. However, one has to take note that, prior and even during the time you are getting income from this, setting up the property to be rented and maintaining it in good condition are some of the things you will have to contend to.

## **Recruitment Agencies**

This is an emerging concept where the Talent Acquisition Agency acting as a middleman, helps Organizations acquire the right employees within desired cost and time. These agents, sometimes called the Head Hunters identify and present the appropriate candidates, as per client's requirements. In return these agencies normally receive a regular payment till the continuation of contract of the employee. Talent Acquisition is an art which requires thorough research and evaluation of candidates. With time, more and more professionals are adopting this field as their primary career.

## **Insurance Premium**

Customer acquisition and retention are both pretty hard working jobs, especially in a competitive industry like Insurance. If Insurance company is able to meet their objectives and satisfy its customers with the right customer retention strategy, a periodic annual premium is achieved.

## **Leasing Companies**

Similar to the Rental Income, Leasing Companies earn periodic lease rentals from their customers while actively concentrating on the prospective customers. Heavy investment is required to procure these assets by the Leasing Companies and in return they yield interest accumulated in the rentals.

## **Sale of Softwares**

Generic or even tailor-made softwares can be advertised and sold online. This requires minimum investment and time.

## **Sale of Books / items online**

There are various websites where old / second hand books and items can be sold online. Buyers and Sellers directly interact and indulge in economic activity, eliminating the middleman.