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income streams are some of the best to get started.

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It's possible to work less and make more, and passive income helps do that. To earn passive income, you generally must make an upfront investment—either in the form of money or time. But once all the pieces are in place, there is usually little to no ongoing work required. That means you can sit back and relax while the money

flows. It won't necessarily be easy, but these [passive income streams](#) are some of the

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[Dividend stocks](#) usually pay a yield that might seem small, such as 3%. But the best dividend stocks increase their payouts every time they pay. These stocks are often referred to as [dividend aristocrats](#). It's usually best to look for increasing dividends than to chase high yields. Other positive signs include increasing revenues and consistently positive cash flow.

## 2. REITs/real estate

Real estate is a good investment because this is an industry that will never go away. In addition, it tends to have a weak correlation with the stock market. It also has benefits you don't typically get with stocks, such as cash flow and tax benefits. Of course, real estate isn't always a passive investment. Some properties can need significant work, and some tenants require more attention than others. However, real estate can still be mostly or entirely passive. One way is to buy rental properties and hire a property manager to oversee the day-to-day. Property managers charge a fee, but they allow you to earn a return without a big investment of your time.

Alternatively, you can invest in a [real estate investment trust](#) (REIT). A REIT [allows you to invest a diversified portfolio of real estate investments](#). None of the management responsibilities will fall to you as the investor. Instead, REITs pool investor funds to buy and manage properties such as shopping centers, office buildings, apartment complexes. REITs regularly pay investors with dividends, similar to dividend stocks.

## 3. Index funds

Another way to invest passively is with [index funds](#). These investments are a mutual fund or exchange-traded fund (ETF) that aim to mirror the performance of an index. For instance, a stock index fund might aim to match the [performance of the S&P 500](#). Instead of buying stocks in 500 companies, you can simply buy shares in an S&P 500 index fund.

This can help you earn passive income because the S&P 500 has had about a 12%

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twice per year. Bonds also come with an end date, called maturity. If you hold the bond until its maturity, you will receive your original investment back, in addition to the interest payments you received.

Another benefit of bonds is their relative stability. They tend to be safer investments than stocks, which is why financial advisers often recommend them to help reduce a portfolio's volatility. The other side of this coin is that they tend to have lower returns than stocks in the long run. However, their lower volatility can be beneficial to investors, especially those nearing retirement.

## 5. High-yield savings accounts and CDs

If you want to earn some passive income with minimal risk, one way to do that is with a [high-yield savings account](#). Interest on these accounts is usually paid monthly. While rates can fluctuate often, they are usually much higher than the national average. In addition, these accounts are usually [FDIC-insured](#) up to \$250,000, making them a safe place to keep your cash.

Alternatively, you can store your money in a [certificate of deposit](#) (CD). These accounts can pay rates even higher than high-yield savings accounts. However, they require you to keep your money in the account for a certain time, anywhere from a few months to several years. If you want to access your money sooner, you will have to pay penalties. Thus, CDs are less suitable for short-term savings.

## 6. Peer-to-peer lending

Another way to potentially earn passive income is with [peer-to-peer lending](#). With this investment, you lend money to businesses or individuals through online platforms. Generally, these borrowers are unable or unwilling to use traditional financing. In return, they will pay you interest over time.

This can be riskier than other passive streams but if you are willing to accept more

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