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11 Passive Income Ideas to Increase Your Cash Flow in 2023

Written by Coursera • Updated on Jul 18, 2023

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With a passive income stream, you can earn money over time with little to no sustained effort. Here are some ideas to get started.



Passive income is a money stream that requires little or no continuous effort. As a business model, it's largely self-sustaining; often, passive income involves some kind of upfront or initial investment that generates long-term steady gains.

Formally, the Internal Revenue Service (IRS) defines two “passive activities”: (1) Trade or business activities that don't require material participation, and (2) rental activities [1]. Under their definition, passive income can come from things like financial investments—such as

stocks, mutual funds, and royalties—or owning a rental property.



In this article, we'll go deeper into what qualifies as passive income and offer some ideas you can try to start earning.

What is passive income?

Passive income is the opposite of active income. With active income, you are paid for the work you continuously do. Most careers or side hustles qualify as active income. With passive income, you do the work first, then collect payment over time—no further effort required.

Earning passive income can be an enticing idea, but it's important to note that it can take some time to grow your investments. If you are looking for quick cash, you may want to consider starting a side hustle or pursuing a high-paying career path.

However, if you have time to watch your investment grow—and especially if you're willing to put a little bit of sustained effort into nurturing that growth—building a passive income stream can be lucrative.

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How to make passive income



When people talk about “earning money in your sleep,” they’re referring to passive income.

Traditionally, you would do this through financial investments. Nowadays, many creatives start a passive income stream by creating a digital product that you can sell repeatedly.

Here are some things to consider if you want to start earning passive income:

- What kind of upfront investments can I make (think in terms of money, time, and effort)?
- Do I have any skills or knowledge that other people may find helpful?
- How can I automate the process of sharing my skills or knowledge?

Depending on the passive income stream you choose to pursue, there may be things you can do to increase your short-term earnings. For example, some people who sell digital products will use various marketing strategies to enable more people to discover their products, which leads to more sales in a shorter period. Others may scale the scope of their passive income business with new products that further their initial offerings to recapture an established client base.

11 Passive income ideas

The first step toward earning a sustained income stream is choosing the passive source of income that makes the most sense for you. Whether you want to make a financial investment or start a business, here are 11 ideas to consider for your passive income strategy:

1. Make financial investments.

Financial investments include a range of options, such as investing in the stock market, mutual funds, bonds, and peer lending, and they require minor follow-up work as they accrue interest. Work with a financial advisor to figure out the best investment options for you.

Pros

High growth potential over time

Be mindful of...

May have limited access to funds in the short-term

Pros**Be mindful of...**

Minimal maintenance

Subject to tax requirements

2. Own a rental property.

Rental income can be a steady way to earn extra money, but, whether you house long-term tenants or short-term renters, this passive income source comes with all the required maintenance of regular home ownership.

Pros**Be mindful of...**

Rental income can be a lucrative long-term investment

Responsible for property upkeep

Can begin earning money as soon as first renters move in

Only earn when you have renters

3. Start a print-on-demand shop.

You can sell your original designs on shirts, hats, mugs, posters, and other products, without dealing with inventory and fulfillment by opening a print-on-demand shop. All you need to do is select your provider—companies like Printful, Printify, or Gelato—upload your file, choose the products you want to sell, and advertise them on your online store.

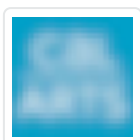
Pros**Be mindful of...**

No inventory or fulfillment needs

May need to engage in self-promotion and marketing

Create original products

May need to handle customer service issues


**Graphic Design
Specialization**

Beginner level · 6 month(s)

Skills you'll build: Visual Communication, Branding Communication, Graphic Design, Art History, Typography, Creativity, Graphics, Design Theory, Color Theory, Adobe Illustrator, History, Adobe...
 Indesign, Art, Graphic Arts, Adobe Photoshop

★ 4.7 (15,806 ratings)



4. Self-publish.

If you have a wealth of knowledge or an idea for a story, you can write a book and sell it online. Many people choose to use a service like Kindle Direct Publishing, which enables you to transform your words into an ebook or print edition and sell it on Amazon.

Pros**Be mindful of...**

Write something that you feel proud to share

Can take a lot of time to prepare a book for publication

Retain complete control over your creative process

May need to engage in self-promotion and marketing



5. Sell worksheets.

There are several places where you can upload and sell worksheets online. Typically, the way this works is you create a printable worksheet and upload it to a website like Etsy or Teachers Pay Teachers, where people can pay to download and use your creation.

Pros	Be mindful of...
Easy and inexpensive to create	May take time to generate noticeable returns
Utilize your specific expertise	Host websites may charge sales fees

6. Sell templates.

If you enjoy creating digital organization systems in programs like Microsoft Excel or Notion, you might be able to sell your templates. Many people monetize their creations on Etsy or other online marketplaces.

Pros	Be mindful of...
Easy and inexpensive to create	May take time to generate noticeable returns
Combine organization and design skills	Host websites may charge sales fees



Microsoft 365 Fundamentals Specialization

Beginner level · 5 month(s)

Skills you'll build: Create and maintain professional looking documents, Create and edit a workbook with multiple sheets, Represent data visually, Create and manage presentations,...

Describe the apps and services available in a Microsoft 365 subscription, Documents, Microsoft Word, Microsoft Excel, Chart, Worksheet, Microsoft PowerPoint, Presentation

★ 4.7 (1,730 ratings)

7. Create content.

If video is your medium of choice, you can earn money by uploading your original creations to YouTube and setting your account up for monetization with the YouTube Partner Program. There's no limit to the types of videos you can create—informational, short film, original music, even ambient noise—however, there are a number of requirements to join the YouTube Partner Program, including a minimum number of views and followers.

Pros

Retain creative control over the work you produce

Can continue earning money from the same videos long as you remain in the YouTube Partner Program

Be mindful of...

Requires building a following of 1,000 subscribers

Requires publishing new content every six months

Read more: [What Is Content Marketing?](#)

8. Create an online course.



Somewhere in between writing a book, selling worksheets and templates, and creating content, you may decide to package the resources you create as an online course. Many people create their content with platforms like Thinkific or Teachable, then host their courses on their own websites.

Pros	Be mindful of...
Highlight your unique expertise	Labor intensive start-up process
Package a range of creative offerings	May need to engage in self-promotion and marketing

9. Sell stock photos.

Whether you're an amateur or seasoned photographer, you can sell your original photos as stock images using sites like Alamy, Shutterstock, Stocksy, or Adobe Stock.

Pros	Be mindful of...
Start a photography business without finding clients	A lot of legalities to learn and navigate
Retain creative control over the work you produce	Host websites may charge sales fees



Photography Basics and Beyond: From Smartphone to DSLR Specialization



Beginner level · 6 month(s)

Skills you'll build: Social Media, Photography, Copywriting, Writing, Confidence, History, Creativity, Art, Project

★ 4.8 (5,133 ratings)

10. Create an app.

You can passively monetize your creative skills as a developer by creating a mobile app and selling it via the Apple App Store or Google Play.

Pros	Be mindful of...
Build a tool that can reach many people	May require updates and maintenance over time
Put your developer skills to the test	App store hosts may take hefty fees

11. Use affiliate marketing.

Affiliate marketing is an area of digital marketing in which a person promotes products and receives a portion of the sales generated from their unique affiliate links. Many bloggers combine Search Engine Optimization (SEO) techniques with their affiliate marketing strategy to maximize their income.

ProsBeginner-friendly...

High earning potential

May take some time to begin earning

Option to promote a range of products

Posts may require maintenance or updates over time

**Search Engine Optimization (SEO)
Specialization**

Beginner level · 5 month(s)

Skills you'll build: Search Algorithm, Search Engine Optimization (SEO), Mathematical Optimization, Semantics, Social Media, Keyword Research, Marketing, Content Marketing, Social Media Marketing

★ 4.7 (10,634 ratings)

Start your passive income stream

When it comes to a business model centered around passive income, the more people who know about your product, the more money you stand to make.

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Meta Social Media Marketing Professional Certificate



Beginner level 0

Skills you'll build: Performance Advertising, Digital Marketing, Brand Management, Social Media Marketing, Content Marketing, Marketing, Social Media Marketing Strategy, Content Development, content management, Marketing Content Development, Campaign Management, Ad Management, Meta Ads Manager, Meta advertising, Marketing Optimization, Digital Analytics, Marketing Strategy, Communication, Ads Manager



Google Digital Marketing & E-commerce Professional Certificate



Beginner level · 6 month(s)

Skills you'll build: Marketing, E-Commerce, display advertising, Email Marketing, Search Engine Optimization (SEO), Customer loyalty, Marketing Analytics, Customer Outreach, Website Structur... Customer Awareness, Google, Search Engine Marketing, Social Listening, Social Media Bidding, Customer Engagement, Social Media Analytics, Social Media Branding, Email Writing, Email list segmentation, Email marketing strategy, Email marketing analytics, Contact management, Digital marketing KPIs, Spreadsheet management, Presenting to stakeholders, Media planning and strategies, Fulfillment and delivery, E-commerce platforms, E-Commerce Strategy, Seasonality, Job preparedness, Customer Relationship Management (CRM), Portfolio preparation, E-commerce store

Article sources

1. IRS. "At-Risk Rules and Passive Activity Losses Tax Forms, <https://www.irs.gov/pub/irs-pdf/p925.pdf>." Accessed July 12, 2023.

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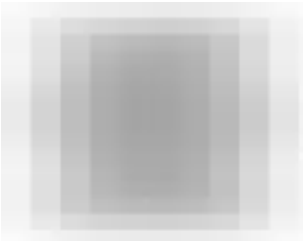
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