



Create Your Own Pension With These 3 Monthly Dividend-Paying Stocks

Description

Unless you're one of the lucky few who happens to work for the government, you probably don't have one of those gold-plated pensions that our parents and grandparents often enjoyed.

There are many reasons why the popularity of corporate pensions has declined. Employees are more likely to hop from job to job, not accruing enough service time to qualify for a company pension. One of the reasons why pensions were introduced in the first place was as a reward for loyalty. As the corporate world became tougher, a generous pension for all was one of the first things on the chopping block.

It's especially tough for folks who are just about to retire and face the reality of spending their golden years without a guaranteed income. What if they run out of money? What if they have to downsize? What if they're forced to rely on their kids for help? No retiree wants these things to happen.

Fortunately, it's not that hard for retirees to build a solid dividend-paying portfolio that performs just like a pension, paying them a monthly income stream that slowly rises along with inflation. Here are three stocks that should make up the foundation of that portfolio.

1. Dream Office REIT

Dream Office REIT ([TSX: D.UN](#)) is Canada's largest office space REIT, owning more than 180 office buildings and 24.7 million square feet of leasable space. The company's portfolio is concentrated in Calgary and Toronto, two of the hottest markets in Canada.

Dream's tenants are some of the most solid companies in Canada. Companies like **Telus**, **Enbridge**, and **Bank of Nova Scotia** aren't about to start missing rent payments or start downsizing operations in any major way. The quality of its tenants, combined with the company's ideal downtown locations, means there will always be demand for its space.

Investors who buy in now are getting a 7.7% yield, paid out monthly. This is one of the highest dividends in the sector, yet comes from one of the most secure names. Dream is a terrific long-term buy at these levels.

2. Shaw Communications

One thing all investors should look for are businesses with pricing power. A business that doesn't have the ability to pass on price increases to its customers will eventually struggle. As someone who has used **Shaw Communications'** ([TSX: SJR.B](#))([NYSE: SJR](#)) television service for years, I can attest to begrudgingly accepting the yearly price increase.

Shaw is a dominant player in western Canada, providing more than 3 million households with internet, television, and home phone service. The company also owns several media assets as well, buying up now-bankrupt Canwest Global's television assets in 2010. While the company has been somewhat affected by customers cutting the cord and going without home phone and television, profits continue to creep up year after year, as does its \$0.092 per share monthly dividend, which is good for nearly a 4% yield.

Shaw is doubling down on its new wi-fi service, which allows current customers to access the internet at more than 30,000 locations. The company hopes this investment will separate its internet service from its competitors, ushering in a new era of growth for the division, and ultimately, the company.

3. Baytex Energy

Investors looking for a solid company in the oil patch that pays a generous dividend should look no further than **Baytex Energy** ([TSX: BTE](#))([NYSE: BTE](#)) and its generous 6% yield.

Baytex produces approximately 60,000 barrels of energy per day, split between oil and natural gas production. Recent results were solid, as the company increased revenue by more than 40% and funds from operations by more than 65%. This puts the dividend payout ratio at less than 40%, securing the payout nicely.

The company is also doing a nice job of replenishing its reserves. In 2013 it replaced twice what it took out of the ground, and current reserves give the company 15 years at current production before it runs out of energy.

Plus, Baytex is small enough that it can meaningfully grow revenue. A ramp-up in production, combined with the low payout ratio, could mean some nice dividend increases over the next few years — perfect for someone looking to set up their own pension plan.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:SJR (Shaw Communications Inc.)
2. TSX:BTE (Baytex Energy Corp.)
3. TSX:D.UN (Dream Office Real Estate Investment Trust)

4. TSX:SJR.B (Shaw Communications)

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