



## Build Your Own Pension Plan With These Monthly Dividend Payers

### Description

Unfortunately, due to a myriad of factors, most folks reading this just can't count on an employer pension. Instead, companies have opted for cheaper options for most employees, like RRSP matches. An RRSP match is helpful, but a pension is much more secure—at least in the mind of the average Canadian.

But it's really not that difficult for the average investor to build their own pension plan. All they need to do is choose a portfolio filled with consistent dividend payers that, on average, pay out approximately 4% per year. Supplement that with the Canada Pension Plan and Old Age Security payments, and most folks reading this can look forward to a retirement without financial worry.

Since most of us have monthly expenses, there's a real call for consistent monthly dividend payers. Here are three stocks that have generous yields, great business models, and a great history of not letting investors down.

### Cineplex

With the rise of **Netflix**, 70 inch televisions with surround sound, and illegally downloaded movies online, the movie business was supposed to die a death fitting of a Hollywood blockbuster. It's done just the opposite, as more folks than ever regularly head out to watch movies on **Cineplex Inc.'s** ([TSX:CGX](#)) big screens.

The company has done a nice job maximizing revenue. The snack bars charge an arm and a leg. Advertising plays before each movie. It will regularly show events like wrestling pay per views or big sporting events on the big screen, attracting a different kind of customer. And its Scene-branded debit and credit cards are popular with consumers.

Although shares look expensive on the surface with a P/E ratio of nearly 37, that's just because of large depreciation charges to its net income. Once you add those back in, the stock trades at about 20 times the amount of cash generated, which is about average in today's market. And it's easily enough to cover the dividend, which is currently \$0.13 per share monthly, a yield of 3.3%.

## RioCan

A moat doesn't get much stronger than the one **RioCan Real Estate Investment Trust** ([TSX:REI.UN](#)) currently owns.

RioCan is Canada's largest owner of retail space, with nearly 80 million square feet spread over 340 properties, about 10% of that located in the United States. RioCan is so diversified that its largest tenant only represents about 5% of its gross rent.

Plus, the company has interesting growth plans. It's taking current land that it owns but isn't using and building condo towers on it. Costs are significantly less than building from scratch, and tenants like them because they're located close to major shopping areas. Management isn't sure whether it'll keep these condos and rent them out or just sell them for a quick profit.

Either way, the company's 5.2% yield is secure. Its current payout ratio is approximately 80%, and thanks to the recent sell-off in interest-sensitive companies, the yield is much higher than a few months ago.

## Pizza Pizza

I'm a big fan of both **Pizza Pizza Royalty Corp.** ([TSX:PZA](#)) stock and the product.

I think Pizza Pizza has a great chance of growing an investment by 10% annually for a very long time. Firstly, the company collects a 6% royalty right from the top line of its franchisees (with 9% coming from Pizza 73 franchisees in Alberta) with very minimal expenses. As long as sales don't collapse, that's very sustainable.

The company just needs to grow sales by 4% annually to get to my magic 10% mark. It can easily do that with a combination of 2% same-store-sales growth, as well as expanding by 10-15 restaurants per year. There's still room for expansion in Ontario, but the real potential exists in other provinces. Ontario has more than 550 locations, while B.C. has less than 20.

Plus, a growth in the number of locations will mean continued growth in the dividend. Since 2011, the company has upped the distribution five times for total growth of approximately 17%. That kind of predictable growth is perfect for a retiree's portfolio.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

1. TSX:CGX (Cineplex Inc.)
2. TSX:PZA (Pizza Pizza Royalty Corp.)
3. TSX:REI.UN (RioCan Real Estate Investment Trust)

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**Author**

nelsonpsmith

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