Retirees: Make Your Own Pension With These 3 Dividend Payers

Description

Unfortunately for those of us who plan to retire sometime in the next two decades, pensions are becoming less and less common.

You can't really blame our employers. Business everywhere is more competitive than ever. Industries like financial services, transportation, and lodging are being challenged by innovative new start-ups. If there are fewer profits, employees are the first to take a hit. That's just how businesses work.

Employees haven't been totally hung out to dry though. Most employers will at least match RRSP contributions, at least up to a certain amount. This is usually capped at 5% of someone's paycheque. It's not a whole heck of a lot, but it's something.

This has left millions of investors in a tricky spot. They want the income–and security–that a pension provides, but without the pension part of it. What's the average investor to do?

There are options, like buying some of Canada's most secure dividend-growth stocks, with a focus on those that pay monthly. Here are three you should be considering for your portfolio.

Shaw Communications

Although **Shaw Communications Inc.** (TSX:SJR.B)(NYSE:SJR) is suffering from customers cutting the cord and ditching cable, if you didn't look at the stock price, you'd never know it.

In the most recent quarter, revenue was actually up more than 5% compared with the same period last year. The company managed to achieve this, despite losing more than 26,000 television subscribers during the period, by using a combination of price increases to existing customers and growth from its home Internet and business network divisions. After accounting for one-time write-offs, free cash flow was up more than 10% compared with the same quarter last year.

Those aren't the types of numbers posted by a company about to be overcome by technology.

Shaw's dividend is about as good as they get. The company pays $0.09875 per share per month, which works out to a yield of 4.5%. Shaw also has terrific dividend growth, increasing the payout each year since 2004, and by nearly 35% since the end of 2010. The relatively low payout ratio means the dividend should continue to creep up in the future, even if earnings take a temporary hit.

RioCan

RioCan Real Estate Investment Trust (TSX:REI.UN) is Canada's largest retail landlord, owning or managing nearly 80 million square feet of property spread out over more than 340 shopping centres. Some 13 million square feet are located in the United States.

RioCan is extremely diversified. It has more than 8,000 different tenants, with the largest only contributing 4% to the company's top line. Management has worked hard to diversify the tenant base, which came in handy when **Target** suddenly pulled out of Canada earlier this year. The company barely noticed the missing rent in its most recent results.

It also has some interesting growth projects on the horizon. It owns land that has become very valuable, especially around the Toronto area. It's developing that land and doing things like putting condos on top of retail stores. Since the land was already bought so cheaply, these developments have attractive returns.

RioCan hasn't missed a dividend since it became publicly traded back in 1995. The current yield is 5.4%.

Inter Pipeline

While it pales in size compared with its two larger competitors, there are still plenty of reasons to like **Inter Pipeline Ltd.** (TSX:IPL) over its peers.

The first reason is the company's growth potential. At a market cap of just $8.6 billion, it doesn't need huge mega-projects to make a difference to the bottom line. It has approximately $4 billion in projects in planning stages, which should start adding to profits in a few years.

The second reason is the moat. Inter focuses most of its efforts on pipelines for the oil sands. This is attractive for a couple of reasons. It doesn't have to deal with multiple levels of government to get a pipeline approved, and oil sands projects have long lives; they're not going anywhere.

And finally, it pays a great dividend. Shares currently yield 5.7% and have a history of great dividend growth. Since 2005, the dividend has increased by 7% per year, and that's even after pausing the growth in 2008 and 2009.

CATEGORY

1. Dividend Stocks
2. Investing

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1. Editor's Choice

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1. NYSE:SJR (Shaw Communications Inc.)
2. TSX:REI.UN (RioCan Real Estate Investment Trust)
3. TSX:SJR.B (Shaw Communications)

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Date
2025/09/09
Date Created
2015/10/19
Author
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