



Are These 3 Monthly Dividend Payers Better Than CPP?

Description

Millions of Canadians live in fear that the Canada Pension Plan (CPP) will run out of money by the time they're ready to collect.

Naturally, the government insists this isn't the case. Yes, the government admits the plan has a massive unfunded liability—as high as \$829 billion according to the 2012 Actuarial Report—but this funding hole can be filled with things like immigration to increase the population base, steadily rising premiums, and other measures like increasing the retirement age for future recipients.

Investors have a choice. They can depend on CPP for their retirement, but that's no way to retire. The current maximum payment from CPP is approximately \$1,000 per month. Combine that with \$600 or so monthly from Old Age Supplement, and a couple will be forced to retire on a maximum of \$3,200 per month.

And remember, most couples don't qualify for the maximum. In reality, many couples are trying to retire on something like \$2,000 or \$2,500 per month.

Needless to say, that's not ideal.

It doesn't have to be that way. Canadians can build their own pension plans gradually by investing in high-quality dividend-growth stocks that pay out monthly dividends. As long as one gets an early start and invests ample capital, it's a method practically guaranteed to have a real impact on a retiree's income.

Here are three great dividend payers I think every investor should be at least considering for their portfolio.

RioCan

RioCan Real Estate Investment Trust ([TSX:REI.UN](#)) is Canada's largest REIT, owning more than \$15 billion worth of retail property split between Canada and the U.S. In total, the company owns 340 properties covering more than 79 million square feet of space.

One of the things to really like about the company is its expansion plans. Since RioCan has been around since 1994, it's sitting on some very valuable property which was first acquired back when real estate values were much lower. RioCan has started a program that is developing this cheap land and building multi-use buildings with retail space on the bottom and condos on the top. Because the land cost is so low, RioCan's cost to build these properties is much lower than other developers.

RioCan pays a generous dividend of \$0.1175 per share per month, good enough for a 5.6% yield. And with a payout ratio of 90% of the company's adjusted funds from operations, the dividend looks to be pretty secure as well.

Shaw

Although we all keep hearing how folks cutting the cable cord are about to send **Shaw Communications Inc.** ([TSX:SJR.B](#))([NYSE:SJR](#)) shares reeling, it just hasn't happened yet.

Yes, Shaw is slowly losing television customers, with about 3% leaving for greener pastures in 2015. But the company has been able to offset that with an increase in Internet subscribers and by passing through a price increase to the cable customers who remain.

This is good news for fans of Shaw's attractive dividend of \$0.9875 per share, which it pays out on a monthly basis. And with a payout ratio of just 64% of earnings, it looks like Shaw will have the wiggle room to continue hiking its dividend annually, just like it has for the past 10 years.

A&W

There are a number of restaurant trusts in Canada that look attractive in today's low interest rate environment. **A&W Revenue Royalties Income Fund** ([TSX:AW.UN](#)) has quietly grown to become one of Canada's largest fast food chains, with 820 locations from coast to coast.

If you've ever visited a restaurant, you'll remember A&W's simple strategy. The company sells a premium product for a higher cost than its largest competitor, **McDonald's**. The strategy appears to be working; A&W reported same-store-sales growth of 8.3% for the most recent quarter and 8.8% for 2015. This increased royalty income by more than 11%.

The company also announced it was hiking its dividend for the second time this year; it's up to \$1.50 per unit on a yearly basis. The \$0.125 monthly dividend has a yield of 5.2%.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:SJR (Shaw Communications Inc.)

2. TSX:AW.UN (A&W Revenue Royalties Income Fund)
3. TSX:REI.UN (RioCan Real Estate Investment Trust)
4. TSX:SJR.B (Shaw Communications)

Category

1. Dividend Stocks
2. Investing

Date

2025/07/08

Date Created

2015/11/25

Author

nelsonpsmith

default watermark

default watermark