Income Investors: 2 Top Picks That Pay You Every Month

Description

Retirees are increasingly turning to dividend stocks and REITs to help supplement their pension payments.

This wasn't always necessary, but the plunge in interest rates in recent years has all but eliminated GICs and savings accounts as options for generating extra income.

Stocks offers much better yields than GICs, but they also come with risk, so it's important to pick companies that have sustainable payouts that are supported by reliable revenue streams.

Here's why **RioCan Real Estate Investment Trust** (TSX:REI.UN) and **Shaw Communications Inc.** (TSX:SJR.B)(NYSE:SJR) look like decent picks right now.

RioCan

RioCan operates Canada's largest portfolio of shopping centres with more than 300 properties containing 46 million square feet of leasable space.

Many of the company's anchor tenants are grocery stores, pharmacies, and discount retailers. This is attractive to investors because these companies tend to do well regardless of the state of the economy.

RioCan delivered a 9.8% increase in Q4 2015 funds from operations compared with the same period in 2014. Committed occupancy rose to 94% in the quarter, and the company renewed one million square feet of space at an average increase of 4% per square foot.

For the full year 2015, RioCan renewed 4.6 million square feet at an average rent increase of 8.1%.

So, things are rolling along quite well.

The company recently sold its 49 U.S.-based properties for a profit of $930 million. Management is using the proceeds to firm up the balance sheet and invest in new growth initiatives.

RioCan pays a monthly distribution of 11.75 cents per unit for a yield of 5.2%.

Shaw

Shaw is in the middle of a major transition. The company recently purchased Wind Mobile and sold its Shaw Media division to **Corus Entertainment**.

The addition of a mobile business will help Shaw compete with **Telus** in western Canada and enable it to lock horns on an even playing field the other big players across the rest of the country. The company has struggled with cord cutting on the cable TV side and being able to offer mobile as a part of a total TV, Internet, and phone package should help with retention.

Unloading the media division brings in $1.85 billion in cash to fund the mobile initiative and removes risk associated with the new pick-and-pay system for Canadian TV subscriptions.

The stock is down over the past 12 months as investors have stepped back amid all the changes. At this point, Shaw is trading at a discount to its peers, and I think the stock will recover the lost ground once all of the smoke clears on the transition.

Shaw pays a monthly dividend of $0.09875 per share for a solid yield of 5.1%.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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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