Retirees: Build Your Own Pension With These 4 Monthly Dividend Payers

Description

In today's world, where workplace pensions are becoming increasingly uncommon, retirees are increasingly being forced to handle their own retirements.

This has led to a surge in popularity of income-oriented mutual funds, ETFs, and dividend-growth stocks as retirees seek to put their capital to work in investments that pay sustainable income.

But these strategies have downfalls. Investors in ETFs and mutual funds can't control what they own, and funds can have high fees. Dividend-growth investing is a fine strategy for a long-term investor, but retirees that need big income now find it difficult to survive on 3% yields, even if that dividend is increasing each year.

Fortunately for investors looking for more yield, there are other options. There are dozens of different stocks in Canada that pay high yet sustainable yields to investors. Here are four of my favourites–stocks that could form the bedrock of a high-dividend portfolio.

Boston Pizza

Boston Pizza Royalties Income Fund (TSX:BPF.UN) gives investors exposure to Canada's leading fast-casual chain of restaurants while paying them a generous 7.4% yield.

Boston Pizza has grown into a dominant Canadian restaurant chain with sales surpassing $1 billion at its 372 different locations in 2015. Same-store sales growth wasn't bad either, hitting 1.8% for the year despite the chain's outsized exposure to Alberta–a market that's struggling.

The future looks bright as well. Sales should continue to creep up as the company's investments in digital ordering platforms and innovation in menu items pays off. The company also plans to increase its push into non-traditional locations, putting restaurants in places like airports and hotels.

Not only does Boston Pizza have an attractive dividend, but it has great dividend growth for such ahigh yield. Earlier this year the payout was hiked from $0.108 per share each month to $0.115, anincrease of more than 6%.

Shaw Communications

Shaw Communications Inc. (TSX:SJR.B)(NYSE:SJR) has reinvented itself lately, acquiring Wind Mobile and then selling its media division to pay for the deal. This will mean a short-term decline in earnings, but it should be bullish for the company in the long term. Wireless is a growth business; traditional media isn't.

The good news for dividend investors is that Shaw should continue to pay its generous 4.9% yield, albeit perhaps not with as much dividend growth as yesteryear. Still, the payout ratio will only be at approximately 70% over the next couple of years, and the company should continue to be successful in protecting revenue by passing through price increases to its many happy cable subscribers.

Extendicare

Over the last year, **Extendicare Inc.** (TSX:EXE) has repositioned itself to be one of the premier ways for investors to get exposure to the aging population trend.

The company sold its U.S. operations, putting the money to work in Canada's much steadier market. Recent investments include opening two 79-suite retirement communities in Saskatchewan as well as announcing an $81 million development project in Ontario. Additionally, the company has been busy expanding its other core business, home health care, with some acquisitions in that space.

After a busy year, earnings are expected to easily cover the company's 5.6% dividend, even after lacklustre first-quarter results have pushed shares downwards. This could be a good buying opportunity for long-term investors.

Canadian REIT

Canadian REIT (TSX:REF.UN) has quietly become a real estate superstar, giving investors a total annual return of 15.4% annualized from its IPO through the end of 2014.

The company boasts a balanced portfolio with both retail and industrial properties each making up some 45% of its portfolio and office space accounting for the other 10%. The market likes that as well as the company's low payout ratio, which stood at less than 60% at the end of 2015.

Although this REIT only yields 3.8%, there are some indications the payout is about to head higher. Not only is the payout ratio quite low, but the company has a history of raising the distribution. In 2011, the company only paid investors $0.12 per share each month. These days, the payout is $0.15. Look for it to increase at a minimum of a penny per share on a monthly basis each year going forward.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:SJR (Shaw Communications Inc.)
2. TSX:BPF.UN (Boston Pizza Royalties Income Fund)
3. TSX:EXE (Extendicare Inc.)
4. TSX:SJR.B (Shaw Communications)

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