



## Retirees: It's Easy to Build Your Own Do-it-Yourself Pension Plan

### Description

The **iShares S&P TSX Canadian Dividend Aristocrats Index ETF** ([TSX:CDZ](#)) is quite popular with retirees.

Investors like the ETF's built-in diversification, its nearly 4% dividend yield, and the fact that it exclusively owns dividend aristocrats. These stocks are the cream of the dividend crop.

But upon further inspection, this ETF doesn't even do what it promises. Its definition of a dividend aristocrat is a company that has raised its dividend annually for at least the past five years. But two of its top-five holdings—**Russel Metals** and **Northview Apartment REIT**—haven't raised their payouts since 2014. This alone should get them booted from the ETF.

To add insult to injury, investors are paying a MER of 0.66% annually to own an ETF that doesn't even do what it sets out to do.

Fortunately for the thousands of investors who are in products like this one, there's a better solution. It's not hard for retirees to build their own pension plans. Not only will coming up with your own plan save fees, but it's also easy to focus exclusively on high-yielding stocks that have actually earned their way into the Canadian dividend-aristocrat club.

Here are three stocks to get such a portfolio started.

### Brookfield Renewable

According to industry estimates, some \$100 trillion will be spent in the next few decades converting current power-generation assets into new facilities that are more environmentally friendly.

**Brookfield Renewable Partners LP** ([TSX:BEP.UN](#))([NYSE:BEP](#)) has already started to take advantage of this trend. It has more than 10,000 megawatts of installed capacity in North America, Latin America, and Europe—enough renewable energy to power some four million homes.

Investors will like that the company's assets are almost exclusively in regulated areas, meaning it can

deliver consistent revenues and profits over time. The nice thing about having regulated utilities as your customers is it's usually pretty easy to make sure rates at least keep up with inflation.

Brookfield Renewable Partners has been a dividend-growth machine ever since its 2011 IPO. The quarterly dividend started out at US\$0.3375 per share. These days, that payout has grown to US\$0.445 per share, good enough for annual growth of approximately 7% per year. The current dividend yield is 6.2%.

## Pizza Pizza

**Pizza Pizza Royalty Corp.** ([TSX:PZA](#)) is Canada's largest pizza franchiser and one of our largest fast-food chains in general, boasting more than 700 locations from coast to coast. Besides its namesake Pizza Pizza restaurants, it also has nearly 100 Pizza 73 locations in Alberta.

The pizza business will never be sexy, but it has traditionally delivered consistent profits to investors. Same-store sales tend to increase between 3% and 5% a year, which translates into a bottom line that slowly and steadily heads higher. This profit increase gets passed on to shareholders in the form of increasing dividends.

The company just recently hiked its dividend for the second time in less than a year, increasing the monthly payout to \$0.0713 per share. That's good enough for a 6% yield.

Since converting from an income trust after 2010, the company has increased its payout seven times. That's not bad for a stock many consider to be boring.

## Transcontinental

You might think the flyer business is dying. I know I sure did. In fact, the opposite is true. In an increasingly competitive retail world, flyers are more important than ever.

This is good news for Canada's largest commercial printer, **Transcontinental Inc.** ([TSX:TCL.A](#)). In 2015 operating profits increased some 65% compared with 2014, which translated into profits of \$3.03 per share. That puts shares at less than six times trailing earnings, which is about as cheap as you'll find.

The company currently pays a \$0.19 per share quarterly dividend, good enough for a 4.3% yield. Dividend growth has also been rock solid, increasing 37% over the past five years.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
3. TSX:CDZ (iShares S&P/TSX Canadian Dividend Aristocrats Index ETF)
4. TSX:PZA (Pizza Pizza Royalty Corp.)
5. TSX:TCL.A (Transcontinental Inc.)

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