



## Retirees: Do You Own These 3 Perpetual Dividend Machines?

### Description

Retirees everywhere are faced with a problem: they need to convert their savings into income.

Traditional choices such as government bonds, GICs, and other ultra-safe securities just don't cut it any longer. With yields from these instruments often below 2%, retirees are giving up a lot of potential income in favour of security.

There's a better solution. Dividends from some of Canada's top stocks are almost as secure as these guaranteed sources. Sure, there's always the risk of a dividend getting cut, but that risk can be effectively mitigated by stuffing a portfolio full of stocks that have a demonstrated history of raising payouts.

In short, every other stock in the portfolio should increase dividends enough to offset any potential cuts.

The only thing left for retirees to do is choose stocks with that kind of pedigree behind them. Here are three of my favourites.

### Inter Pipeline

The recent smack-down of the energy market has given investors a terrific opportunity to buy proven dividend grower **Inter Pipeline Ltd.** (TSX:IPL) on the cheap. Shares are down nearly 30% from 2014's peak of \$39.

One major thing Inter has going for it is its latest expansion project. The company spent billions expanding capacity for its three main oil sands pipelines, planning for greater production that's scheduled to come from the area in the next few decades.

Currently, these three pipelines are only running at about 50% of capacity. This means the company can quickly and cheaply transport any additional production from the area. In effect, every additional barrel of oil flows pretty much straight to the bottom line.

Inter Pipeline has raised its dividend by 6.9% annually over the last decade, easily beating inflation.

Shares currently yield 5.6%. It isn't often investors can get that kind of growth history with such a high current yield.

## Shaw Communications

The last year has been an eventful one for **Shaw Communications Inc.** ([TSX:SJR.B](#))([NYSE:SJR](#)), one of western Canada's leading providers of cable, home phone and internet service. It finally entered the wireless business, acquiring upstart Wind Mobile. It then sold its media division to finance the sale.

There are plenty of reasons to like the Wind deal. Giving folks the option to bundle wireless with other services will lead to better customer retention. Wind is the fastest-growing wireless provider in Canada, a trend likely to continue with the clout of Shaw behind it. And shares are still trading for less than before the Wind deal was announced.

A decade ago, Shaw was paying a monthly dividend of just over two cents per share. Growth has been unbelievable since then. These days the monthly dividend is 9.875 cents per month. Although I doubt Shaw shareholders can expect that kind of dividend growth over the next decade, investors can count on the 4.8% yield continuing to creep up over time.

## Boardwalk

**Boardwalk REIT** ([TSX:BEI.UN](#)) is one of Canada's largest owner of apartments, boasting a portfolio of more than 33,000 different units spread from coast to coast.

Most REITs pay out between 80% and 100% of funds from operations to investors, choosing to fund expansion by issuing new shares or borrowing. Boardwalk's management team is far more conservative, only paying out some 60% of its operating earnings as dividends. As a result, the company's yield is a little lower than peers—currently at 3.9%—but it offers a virtually bulletproof dividend.

Most pundits agree that Boardwalk is one of Canada's finest REITs. It consistently posts great occupancy ratios even when Alberta, its main market, has significant economic weakness. Management owns approximately 25% of the company—a huge amount for a sector known one to serially issue new shares. And the company's debt-to-assets ratio of 39% is one of the lowest in the sector.

Boardwalk has raised its monthly dividend from \$0.15 per share to \$0.1875 in the last five years—growth that's solid but not overly exciting. The company has also rewarded shareholders with two special dividends at the end of 2014 and 2015, totaling nearly \$3 per share.

## CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

## POST TAG

1. Editor's Choice

## TICKERS GLOBAL

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

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