

Retirees: Give Yourself a Raise With These 3 High-Dividend Studs

Description

Getting a raise as an employee is hard.

Not only do you have to work hard and exceed expectations—that much is a given—but there are also a million other factors to consider. How well is your department doing? How's the company as a whole doing? Is there even room in the budget to increase salaries? And, perhaps most importantly, how much your boss likes you matters—a lot.

Giving yourself a raise as a retiree is easier, but hardly a given. The easy part of the equation is switching from GICs to dividend stocks with attractive yields and manageable payout ratios. The hard part is figuring out if the company in question can maintain the payout or whether earnings will fall off a cliff.

We can help you with that last part. Here are three great high-dividend stocks for retirees to consider today.

Artis REIT

Artis Real Estate Investment Trust ([TSX:AX.UN](#)) is one of Canada's largest REITs with a portfolio of 249 properties, consisting of more than 25 million square feet of gross leasable area. The portfolio consists of approximately 50% office properties, 25% retail and 25% industrial. Some two-thirds of space is located in Canada's five westernmost provinces with the other third in the United States.

Artis shares are reasonably cheap because, like many other REITs, the market is nervous about the company's exposure to Alberta, specifically the office market. But the company's U.S. exposure does help hedge exposure to Alberta and its oil-dependent economy, and the rest of Artis's portfolio is performing pretty well. In short, the Alberta story isn't that big of a deal.

Artis currently pays a monthly dividend of \$0.09 per share, which is good enough for a yield of 7.9%. And with the company projecting a payout ratio of just over 70% of funds from operations again in 2016, the dividend looks about as solid as it can get.

TransAlta Renewables

The renewable energy market is poised to take off in a very big way. **TransAlta Renewables Inc.** ([TSX:RNW](#)) will be a beneficiary of such a trend.

Renewables also has another big plus—a very unique advantage. Its parent company, **TransAlta**, is dealing with too much debt and must delever its balance sheet. The obvious solution is to sell some of its renewable assets to its subsidiary. There aren't many companies around with a growth path so obvious.

The company pays a dividend of \$0.0733 per share each month—good enough for a 6.3% yield. It

projects a payout ratio of between 80% and 85% of cash available for distribution, which is a solid number. Additionally, the company has already promised investors a dividend increase once its Australian project South Hedland comes online in 2017.

Power Financial

Power Financial Corp. (TSX:PWF) is primarily a holding company. Its main stakes include a 67% position in **Great-West Lifeco**, a 61% position in **IGM Financial**, and a 28% position in Pargesa, another holding company that owns European equities. Additionally, it owns 60% of Wealthsimple, one of Canada's largest roboadvisors, an internet-based service that uses software to choose simple ETF portfolios for index investors.

Power Financial is undervalued on a couple of very important metrics. Firstly, it trades at a discount to the sum of its parts of approximately 20-25%, depending on how you value the assets. And it also trades at a very inexpensive price-to-earnings ratio of just 10.7, which is about as cheap as stocks get.

Because shares are so cheap on an earnings basis, the company can pay a nice dividend while still easily affording the payments. The current quarterly dividend of \$0.3925 per share yields 5.2%, a nice payout in today's market. And with a payout ratio of just 56% of trailing earnings, it sure looks like investors can not only expect the company to maintain the payout, but actually increase it over time.

There are all sorts of proverbial "yield traps" out there. These stocks are not among them. Retirees looking for a raise should be taking a much closer look at these companies today.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

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2. TSX:RNW (TransAlta Renewables)

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