



Retirees: Build Your Own Gold-Plated Pension With These 3 Dividend Stars

Description

It's obvious why someone would rather get a nice pension than have to save for their own retirement. Why do something when someone else can do it for you?

Unfortunately, most of us who don't work for the government simply can't count on that kind of retirement. As employers everywhere struggle to keep costs under control in an ultra-competitive world, most are choosing to just match RRSP contributions. Any free money is a nice perk, but it still leaves many folks scratching their heads about how to turn this capital into income come retirement time.

We can help with that last part. Here are three monthly dividend payers that are as secure as any pension.

Northview

Northview Apartment REIT (TSX:NVU.UN) has grown into Canada's third-largest apartment REIT, owning a portfolio of more than 24,000 units across some 60 markets coast to coast. It also owns some commercial real estate and is expanding into extended-stay hotels.

Northview currently pays investors a 7.3% yield—a terrific payout in today's world of very low interest rates. And unlike many other yields of +5%, this payout appears to be very sustainable. According to the company's own 2016 projections, the company will pay out approximately 70% of its adjusted funds from operations to investors as dividends.

Many investors might be worried about Northview's exposure to resource-rich markets. But the company diversified away from these areas with recent acquisitions, and management doesn't seem to eager to buy assets in areas that are stricken most by oil's decline.

Pembina Pipeline

In a world where Canada's two largest pipeline companies get all the attention, it's relatively easy for investors looking for a little extra yield. They just need to look at **Pembina Pipeline Corp.** ([TSX:PPL](#))([NYSE:PBA](#))

) and its 5% yield.

Pembina's portfolio includes 9,100 km of conventional pipelines, 1,650 km of oil sands and heavy oil pipelines, as well as natural gas storage and processing facilities. In total, these assets are worth some \$20 billion. The company also has approximately \$5 billion in growth projects that will come in service by the end of 2017, which are slated to add between \$600 million and \$950 million in EBITDA.

Over the last year, Pembina earned approximately \$2 per share from adjusted cash flow from operating activities while paying \$1.86 in dividends. This payout ratio looks a little aggressive, but keep in mind that it should go down as the company's growth projects continue to come online.

Brookfield Renewable

It's obvious renewable energy is going to be a very big trend in the next few decades as we replace aging coal-fired power plants with greener alternatives. **Brookfield Renewable Energy Partners L.P.** ([TSX:BEP.UN](#))([NYSE:BEP](#)) is a great way to play this trend.

The company owns more than 10,000 megawatts of capacity, which translates into more than 250 facilities located in 15 markets across seven different countries. Almost 90% of electricity generated is from hydroelectric sources and 91% of cash flows are from regulated areas. The average contract in these areas stretches for more than 15 years and has inflation protection built in.

The company not only pays a generous 5.8% dividend, but it also has a strong history of dividend growth. In 2011 dividends were \$1.30 per share. In 2016 the company is on pace to pay out \$1.78 per share, which is good enough for 6.5% annual growth.

Brookfield Renewable aims to have a payout ratio of approximately 70% of funds from operations. Through the first two quarters of 2016 it earned \$1.05 per share in funds from operations while paying out \$0.90. That's a payout ratio of 85.7%—it's a little high, but keep in mind this is after a temporarily bad quarter. The payout ratio should creep down in the future.

A portfolio of Brookfield Renewable Partners, Pembina Pipeline, and Northview Apartment REIT yields more than 6%, which is very attractive in a world where anything better than 2% in a GIC is considered high yield. Investors should be taking a very hard look at these three dividend companies today.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
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TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
4. TSX:PPL (Pembina Pipeline Corporation)

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