



2 Stocks Retirees Can Rely on for Monthly Income

Description

Retirees used to depend on GICs or even savings accounts to provide some extra income on their investments.

Those days are long gone, and most investors are turning to dividend stocks to get the yield they need to supplement their pension cheques.

Let's take a look at **Inter Pipeline Ltd.** (TSX:IPL) and **Shaw Communications Inc.** ([TSX:SJR.B](#))([NYSE:SJR](#)) to see why they might be attractive picks right now.

Inter Pipeline

Inter Pipeline owns natural gas liquids (NGL) extraction assets, conventional oil pipelines, oil sands infrastructure, and a liquids storage business in Europe.

This diversified revenue stream is the main reason why the company continues to deliver solid results despite the downturn in the energy sector.

Funds from operations (FFO) for the second quarter came in at \$197 million—up 9% compared with the same period in 2015.

Oil sands transportation generated FFO of \$141.4 million—up 5% year-over-year. Conventional oil FFO was about flat. The European business saw FFO rise 44% on the back of higher utilization rates and recently acquired assets in Sweden.

The NGL extraction business struggled last year but appears to be on the mend as Q2 FFO jumped 31%. Management is betting the NGL segment will rebound and just announced a \$1.35 billion deal to purchase midstream NGL assets from **The Williams Companies**.

Inter Pipeline pays a monthly dividend of \$0.13 per share for a yield of 5.5%. The distribution increased last November, and investors should see further growth once the new NGL assets are integrated into the portfolio.

Shaw

Shaw recently bought Wind Mobile in a move to build a national smartphone business.

The company had long maintained it wouldn't get sucked into the mobile game, but management finally realized that Canadians prefer to get all of their communications services in bundles from a single provider, and the lack of a mobile division was hurting Shaw's TV and internet businesses.

In order to pay for the Wind Mobile purchase, Shaw sold its media group to **Corus Entertainment**.

Some pundits question the wisdom of the major strategy shift, but I think investors will benefit in the long run. Adding the mobile business will help Shaw compete on a more level playing field with its peers, and getting out of the content business just as Canadians move to pick-and-pay TV subscriptions could prove to be timely.

Shaw generates more than enough cash flow to cover its existing monthly dividend, and investors should see the distribution begin to rise again once all the dust settles on the transition process.

The stock currently offers a yield of 4.5%.

Is one a better bet?

Both stocks are solid income picks and deserve to be in any dividend portfolio.

Inter Pipeline offers a better yield and the stock could move significantly higher once the energy sector begins to recover. As such, I would make the pipeline company my first choice today.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:SJR (Shaw Communications Inc.)
2. TSX:SJR.B (Shaw Communications)

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Author
aswalker

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