2 Top Monthly Income Stocks for Canadian Retirees

Description

Retired Canadians used to rely on savings accounts and GICs to provide supplemental income.

Unfortunately, those days are long gone, and seniors are now turning to REITs and dividend stocks to provide the required yield.

Let's take a look at **RioCan Real Estate Investment Trust** (TSX:REI.UN) and **Shaw Communications Inc.** (TSX:SJR.B)(NYSE:SJR) to see why they might be interesting picks.

RioCan

RioCan owns shopping centres.

That doesn't sound very exciting, and some people think the internet is going to be the death of the local mall, but RioCan's core tenants tend to be in segments of the market (grocery, pharmaceutical, discount goods) that are relatively immune to the threat of online shopping.

The company had a scare last year when Target Canada went bust, but RioCan has since found new tenants to fill the space and is now receiving more money than it was getting from Target. This shows strong interest in the company's high-quality locations.

The balance sheet is also looking pretty good. RioCan recently sold its 49 U.S.-based properties for net proceeds of $1.2 billion. Part of the money is being used to reduce debt, and RioCan's leverage is now the lowest in the company's history.

The remaining funds are earmarked for new investments. RioCan has 15 retail sites under development and is looking at the possibility of building up to 10,000 residential units at its top urban locations. These initiatives could provide a significant boost to the revenue stream in the coming years.

RioCan currently pays a monthly distribution of 11.75 cents per unit. That's good for a yield of 5.4% at the current price.

Shaw

Shaw is going through a major transition.

The company bought Wind Mobile earlier this year in a deal that provides Shaw with the ability to finally offer customers complete TV, internet, and mobile packages.

In order to pay for the Wind Mobile acquisition and finance the expansion of the mobile network, Shaw sold its media assets to **Corus Entertainment**.

The huge strategy shift has some pundits scratching their heads, especially after Shaw had consistently said it wouldn't get sucked into the mobile wars, but I think investors will benefit over the long term.

Why?

Canadians like to get their communications services from a single supplier, and the addition of the mobile business should help Shaw retain more of its existing cable clients and potentially gain new internet customers with attractive bundles.

Getting out of the content space might also prove to be well timed, given the new pick-and-pay rules for TV subscriptions.

Shaw's cash flow from the ongoing assets is adequate to support the existing dividend, and investors should see the distribution begin to rise again once the dust settles on the transition process.

The monthly payout currently yields 4.4%.

Is one a better bet?

Both companies offer attractive payouts that should be safe. If you simply want the best yield, go with RioCan as your first pick.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

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

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