Retirees: Create Your Own Pension With These 3 Monthly Dividend Payers

Description

As much fun as investing is, I think all of us can agree we'd much rather have a nice pension rather than having to make capital-allocation decisions on our own come retirement.

Unfortunately, that's probably not going to happen. A few lucky readers can look forward to a pension. The rest of us will need to convert our capital to income the old-fashioned way.

Perhaps the easiest way to go about doing this is by buying some of Canada's best monthly paying dividend stocks. Individually, dividend stocks can be risky, especially those that pay yields of more than 5%. But as a group, they're quite safe. Generally, dividend increases in the whole basket will offset the odd dividend cut.

Here are three monthly dividend payers to get you started.

Inter Pipeline

Inter Pipeline Ltd. (TSX:IPL) might be my favourite Canadian pipeline stock for a couple of simple reasons.

The first is its focus on Alberta, specifically the oil sands. The company's major competitors are having a heck of a time getting approval for pipelines that stretch across multiple provinces. Alberta is a much friendlier jurisdiction.

The second is the company's excess capacity. Its three major oil sands pipelines–Corridor, Cold Lake, and Polaris–have capacity of 4.6 million barrels per day. They're currently moving 2.2 million barrels of oil per day. When production picks up again from the region, Inter Pipeline is well positioned to profit without doing much of anything.

Inter Pipeline is a dividend-growth machine. It has raised the payout each year since 2008. The company is forecast to pay $1.62 in dividends in 2017, giving it a yield of 5.9% today. And with apayout ratio of approximately 70% of funds from operations, investors can sleep soundly knowing thedividend is secure.

Boston Pizza

Boston Pizza Royalties Income Fund (TSX:BPF.UN) is Canada's largest fast-casual restaurant with more than 350 locations coast to coast that, collectively, do more than $1 billion in sales.

The company is experiencing a little weakness from Alberta, but it hasn't been much to worry about. Same-store sales did fall in its most recent quarter, but the metric is up 0.7% thus far in 2016. Total sales are up 2.6% thanks to some new locations opening up.

Boston Pizza pays virtually 100% of its earnings back to shareholders. This translates into a terrific dividend yield of 6.3%. The dividend looks safe too. The company has hiked the payout already in 2016, and it keeps a little cash on hand just in case it doesn't earn quite enough to cover the distribution in a given month.

Artis

Artis Real Estate Investment Trust (TSX:AX.UN) is a great combination of income today and a reasonable payout ratio.

The company is one of Canada's largest real estate owners with a portfolio that spans the five westernmost provinces as well as several U.S. states. In total, it owns 259 different office, retail, and industrial buildings, comprising of 26.7 million square feet of space.

Approximately 30% of space is in Alberta, which could end up being a bit of a problem. But earnings have been just fine thus far in 2016. The company is on pace to deliver $1.51 in share in funds from operations–a slight increase versus last year. It pays out $0.09 per share per month, or $1.08 per year. That gives it a very reasonable payout ratio of 71.5%. You won't find many 9.2% yielders with payout ratios that low.

The bottom line

A portfolio comprising of equal parts of Inter Pipeline, Boston Pizza, and Artis REIT would yield 7.1%, today. Compare that to GICs, government bonds, or other fixed-income choices, and it's not even close. The best part? Each of these companies has a demonstrated history of paying consistent dividends. You can count on them over the long term.

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1. Dividend Stocks
2. Energy Stocks
3. Investing

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