



## Retirees: 2 Monthly Income Stocks With Oversized Yields

### Description

Canadian pensioners are searching for dividend stocks to supplement their retirement income.

Let's take a look at **Inter Pipeline Ltd.** (TSX:IPL) and **TransAlta Renewables Inc.** ([TSX:RNW](#)) to see why they might be interesting picks.

#### Inter Pipeline

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

The diversified revenue stream has helped the company get through the oil rout in pretty good shape, and management has taken advantage of the difficult times in the industry to invest for future growth.

Inter Pipeline recently closed its \$1.35 billion purchase of two NGL extraction facilities and related infrastructure from **The Williams Companies**.

Inter Pipeline bought the assets at a steep discount, so the company should see strong returns from the investment when market prices recover.

In addition, the deal comes with plans for a \$1.85 billion propane dehydrogenation project that could be up and running by 2021.

These new assets, combined with a number of other projects, should ensure strong cash flow growth in the medium term.

Inter Pipeline recently raised its monthly dividend to \$0.135 per share. That's good for a yield of 5.5% at the current price.

#### TransAlta Renewables

TransAlta Renewables is majority owned by **TransAlta Corporation** and serves as a drop-down vehicle for TransAlta's renewable energy assets.

The company will likely pick up more assets from TransAlta in the coming years, but it also has the capacity to make strategic acquisitions and invest in organic growth.

One current project is the South Hedland gas-fired power-generation plant being built in Australia. Secured by long-term contracts, the facility is on budget and on schedule for completion in the middle of this year.

In the medium term, Alberta's new focus on retiring coal-fired power plants will require heavy investment in additional renewable energy facilities to make up the shortage. TransAlta is expected to be a major player in that process.

Transalta Renewables pays its dividend on a monthly basis. The current yield is 6.1%.

### **Is one a stronger pick?**

Both stocks offer above-average yields that should be sustainable.

At this point, I think Inter Pipeline's strong development portfolio gives it an edge. The energy sector appears to be on the mend, and the stock could get a nice boost as the new projects come online in the next few years.

### **CATEGORY**

1. Dividend Stocks
2. Investing

### **TICKERS GLOBAL**

1. TSX:RNW (TransAlta Renewables)

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