Income on Steroids: These 3 Stocks Yield at Least 8%

Description

Everybody reading this wants a raise. I think that's a pretty safe guess.

It's tough to do such a thing in 2017. Even if you're consistently an excellent employee, management can still stiff you on a much-deserved increase. As one former boss told me, "It's nothing personal. I have a responsibility to the company to pay you as little as possible without making you miserable enough to leave."

The good news is, it's far easier to use your capital to get consistent raises. Canada has dozens of stocks that have a demonstrated record of consistently raising their dividends. All an investor has to do is buy a diverse portfolio filled with these stocks and their yearly income will go up. It really is that easy.

Some people don't want to wait that long, however. The average dividend-growth stock yields 3% or 4%. Other stocks yield 7%, 8%, even as high as 10%. It takes a lot of dividend growth to match an 8% yield.

The only problem? High-yield stocks are risky. There's a reason why many investors avoid them at all costs. All things being equal, a stock that pays 8% is at a higher risk of cutting its payout than one that pays 3%.

But not all high-yield stocks are created equal. There are many that have years' worth of consistent dividends under their belts with decent payout ratios as well. Here are three that yield at least 8%.

Aimia

Aimia Inc. (TSX:AIM) is the parent company of Aeroplan, which is Canada's largest customer-loyalty program. Consumers present their Aeroplan card at dozens of Canadian retailers to collect points. These points are then redeemed to buy all sorts of things, including flights on **Air Canada** airplanes. Aeroplan is Air Canada's largest customer.

A few factors have forced Aimia shares down some 50% versus 2014 highs. Canadian-consumer spending is pretty anemic. Much of Aimia's spending comes from Aeroplan-branded credit cards — a segment of the market that has attracted competition. Some investors also think there's a danger of Aimia's contract with Air Canada not being renewed. The deal runs out in 2020.

But there's plenty of good news too. The company has one of the most attractive price-to-free cash flow ratios in the market today. Management has bought back more than 20 million shares since 2013. And it's doubtful Air Canada wants back in the loyalty-business game. The contract should get renewed.

Aimia pays investors a $0.20 per share quarterly dividend, which is good enough for a 9.1% yield. It is well covered by cash flow.

Brookfield Real Estate

Brookfield Real Estate Services Inc. (TSX:BRE) is the owner of Royal LePage as well as Via Capitale, which is one of Quebec's largest real estate brokerages. Together, there are more than 17,000 agents working under the various banners.

One thing the company has been focusing on of late is getting more fixed fees from its franchisees and agents rather than getting paid per transaction. This reduces its exposure to the underlying real estate market, which is a smart move at this point in the cycle.

It pays an 8.1% dividend — a payout that is covered by cash flow.

Bombardier

Bombardier, Inc.'s (TSX:BBD.B) common shares yield nothing after the company eliminated the dividend in 2015. But it does have a preferred share that yields more than 8%. The Series 4 preferred shares (which trade under the ticker BBD.PR.C) currently pay 8.7%.

Yes, Bombardier is struggling. But the company has plenty of things going for it, including a big pile of cash on its balance sheet, strong projected 2017 earnings, and a noticeable uptick in CSeries interest.

Besides, the preferred shares just aren't that big of a deal for a company as massive as Bombardier. It pays just over US$4 million per quarter to service all of its preferred shares.

The bottom line

Even though it's tough to find good high-yielding stocks when the overall market is flirting with an all-time high, Aimia, Brookfield Real Estate Services, and Bombardier's preferred shares all offer opportunities for income investors to start collecting some huge dividends. These payouts all look to be rock solid.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:AIM (Aimia Inc.)
2. TSX:BBD.B (Bombardier)
3. TSX:BRE (Bridgemarq Real Estate Services Inc.)

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