Retirees: 2 Monthly Income Picks for Your TFSA

Description

Canadian pensioners are searching for reliable income stocks to add to their TFSA portfolios.

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

Shaw

Shaw went through a transformational 2016, and investors are starting to see the benefits.

What happened?

Shaw decided to enter the mobile fray with its purchase of Wind Mobile. The deal finally gave Shaw the missing piece to the puzzle in its battles for market share with the three large competitors.

Management had avoided the mobile game, not wanting to invest the billions needed to build a competitive network, but the company came to the realization that not having a mobile offering was hurting the other areas of the business.

Why?

Canadians like to get their mobile, internet, and TV services from a single provider in one bundle. Now that Shaw has a mobile business, it can slow down the exodus of its cable customers and win back internet subscribers through attractive promotions.

To pay for the Wind Mobile deal and help finance the network expansion, Shaw sold its media operations to **Corus Entertainment**.

The move unloaded the media operations just as Canada entered its new pick-and-pay system for TV subscriptions, so the decision was timely.

Shaw pays a monthly dividend with an annualized yield of 4.2%. Once all the dust settles on the transition, investors should see the dividend start to rise again.

RioCan

RioCan has interests in more than 300 retail centres across Canada.

The company's core tenants tend to be big, stable brands with strong businesses operating in recession-resistant sectors such as grocery, pharmacy, and discount goods.

The company took a hit in 2015 when **Target** Canada closed up shop, but that event has proven to be beneficial for RioCan as the company now has 122% of the Target revenue replaced by contracts or agreements in late-stage discussion.

On the growth side, RioCan has interests in 15 retail properties under development and is in the early stages of its plan to build as many as 10,000 residential units at its prime locations.

As these projects move forward, investors could see a nice boost to revenue and the distributions.

RioCan is one of the lowest-levered REITs in Canada and has decreased its payout ratio.

The current distribution provides a yield of 5.5%.

Is one more attractive?

Six months ago, I would have picked Shaw, but the stock has rallied somewhat, and that has pretty much wiped out the advantage.

RioCan, however, has pulled back amid interest rate concerns, and I think the sell-off might be overdone. As such, I would probably go with the REIT as the first pick today for an income investment.

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1. Dividend Stocks
2. Investing

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