



Revealed: Create Your Own Passive-Income Empire With These Monthly Dividends

Description

Although it really shouldn't matter, I've met many retirees with a clear preference for monthly paying dividend stocks. The appeal is easy to see. I don't care who you are — you've got monthly bills. Thus, monthly dividends are the ticket. Add in a healthy emergency fund as a buffer, and a retiree is set.

The only decision left to make is which dividend stocks to choose. Many REITs are out because of their less preferential tax treatment. Remember, REITs tend to be taxed at the same rate as regular income, while dividends are taxed [at a much more attractive rate](#). You'll also want to avoid high-yield stocks with unsustainable payouts.

Even after being a little choosy, there are still dozens of great monthly paying dividend stocks out there. Here are 10 great choices, all of which pay generous — and sustainable — yields.

The choices

Let's start first with one of my favourites, **Extendicare Inc.** ([TSX:EXE](#)). Extendicare is one of Canada's largest owners and operators of assisted-living facilities as well as a big player in home health care. Shares currently pay a 4.6% dividend and trade at a very reasonable multiple.

There are several prominent Canadian fast-food chains that have embraced a royalty structure. This ensures investors get paid first while giving the parent company cash to expand operations. **Boston Pizza Royalties Income Fund** ([TSX:BPF.UN](#)) gives investors exposure to Canada's largest fast casual chain (one with more than \$1 billion in sales and some 350 locations from coast to coast) as well as a 6% dividend. The payout has also been hiked several times in the last few years.

Another great fast-food royalty company is one I own personally: **Pizza Pizza Royalty Corp.** ([TSX:PZA](#)). The company is doing a solid job growing same-store sales and its location count. Shares currently yield 4.8%.

Vermilion Energy Inc. ([TSX:VET](#))([NYSE:VET](#)) is one of the few energy companies that didn't cut its dividend during the recent downturn in the sector. The company's focus on low-cost energy production

is really paying off with production projected to skyrocket while debt stays under control. It pays 21.5 cents per share each month to shareholders — good enough for a 5% yield.

Another energy company that has made dividend investors happy for years is **Inter Pipeline Ltd.** (TSX:IPL). Shares currently yield 5.5% with a demonstrated history of dividend growth behind it. The company has increased the payout by 8% annually since 2011.

First National Financial Corp. (TSX:FN) is one of Canada's largest mortgage lenders. It limits itself mostly to default insured deals, meaning investors have very little downside risk. The company trades at just 10.2 times trailing earnings and pays a 6.1% monthly dividend.

Utilities have given Canadian investors dependable dividends for generations now. **Altagas Ltd.** (TSX:ALA) is a great choice today after shares have sold off close to 10% thus far this year. It's a diversified utility that pays investors 6.7% — a great payout.

TransAlta Renewables Inc. (TSX:RNW) is another great utility. It's also a nice way to invest in a greener future with the majority of its production coming from solar, wind, and hydroelectric sources. Look for an increase to its 7.33-cent-per-share monthly dividend come 2018. The current yield is 5.9%.

Cineplex Inc. (TSX:CGX) might not have the yield as some of these other stocks (shares only have a dividend of 3.2%), but you can't argue with the dominant position it enjoys in its chosen sector. The company has also done a nice job diversifying into non-movie sources of revenue.

And finally, **CI Financial Corp.** (TSX:CIX) has quietly been a dividend stalwart for years. It has hiked its payout annually since 2009 and has quietly done a nice job competing in the asset management business as ETFs and other passive vehicles have become more popular. Shares currently yield 5%.

The bottom line

These 10 stocks are the beginning of a great dividend portfolio. Collectively, they'll give you an average yield of 5.3% with dividend growth exceeding the rate of inflation. You could do a lot worse than that.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:VET (Vermilion Energy)
2. TSX:ALA (AltaGas Ltd.)
3. TSX:BPF.UN (Boston Pizza Royalties Income Fund)
4. TSX:CGX (Cineplex Inc.)
5. TSX:CIX (CI Financial)
6. TSX:EXE (Extendicare Inc.)
7. TSX:FN (First National Financial Corporation)
8. TSX:PZA (Pizza Pizza Royalty Corp.)

9. TSX:RNW (TransAlta Renewables)
10. TSX:VET (Vermilion Energy Inc.)

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Date

2025/07/02

Date Created

2017/02/21

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