Retirees: Give Yourself a Raise With These 5 Dividend Studs

Description

We'd all like a little more income, especially retirees.

The easy way to do this as an investor is to cycle out of stocks with lower dividends into ones that pay much more generous yields. Sure, you'd be giving up some capital gains potential to do so, but the trade-off is quite reasonable.

It's true that, as a whole, stocks with higher yields are more likely to cut their payouts than ones with smaller yields. But there's often much more than what meets the eye. In other words, yields of 6% or even 8% can be perfectly safe.

Here are five of Canada's top high-yielding dividend stocks. Any one of them would look good in your portfolio.

Rogers Sugar

There's a lot to like about the sugar business in Canada. It's protected by a number of tariffs that help keep foreign sugar out, and the market is dominated by two players. Only one is publicly traded — **Rogers Sugar Inc.** (TSX:RSI).

Rogers has gotten some benefit of late because of low input costs, which has helped goose earnings. In 2016, the company earned $0.57 per share, which puts the stock at just 11 times earnings today. Sugar is a mature business, so it's easy to argue that it doesn't deserve a premium valuation. Still, that's incredibly cheap.

Rogers has maintained its $0.09 quarterly dividend — good enough for a 5.8% yield — since 2011 and has periodically given investors a special dividend.

Brookfield Renewable

Investors have long looked towards utilities for their income needs. **Brookfield Renewable Partners LP** (TSX:BEP.UN)(NYSE:BEP) delivers both a sustainable yield and exposure to renewable power.

Approximately 90% of the portfolio consists of hydro power projects in places such as Canada, the United States, South America, and Europe.

By focusing on areas with regulated power markets, Brookfield is able to ensure steady earnings. In addition, most of the company's debt is borrowed against the assets themselves, meaning Brookfield itself carries very little corporate debt.

The stock currently pays a 6% yield. The company has hiked the payout each year it has been publicly traded.

Aimia

It's likely investors are unfairly punishing **Aimia Inc.** (TSX:AIM) because the company's contract with **Air Canada** is coming due soon. The two sides have until 2020 to hammer out an extension.

The two parties have worked together for a long time, and Aimia is Air Canada's largest customer. It's likely a deal will get done.

In the meantime, investors can collect a succulent 8.9% yield that's easily covered by free cash flow. In 2016, the company generated $233 million in free cash flow. It paid investors $137 million in dividends. The payout is solid.

Boston Pizza

Boston Pizza Royalties Income Fund (TSX:BPF.UN) has quietly grown into Canada's largest fast-casual dining spot. Collectively, the +370 Boston Pizza locations across Canada do more than $1 billion in sales.

Boston Pizza, like most of Canada's restaurant royalty trusts, follows the same pattern. The company has predictable earnings since they're based on franchisee sales. The dividend is set accordingly. Then, as sales go up, so does the payout.

Currently, Boston Pizza pays investors 11.5 cents per share on a monthly basis — good enough for a 6% yield. It has raised the payout three times in the last five years.

Superior Plus

Superior Plus Corp. (TSX:SPB) provides propane and various specialty chemical products for both consumer and industrial markets. Approximately 65% of the company's business is done in the United States; the rest is in Canada.

The company has been impacted by the slowdown in the energy sector, but not enough to really impact its generous 5.6% dividend. It has a strong balance sheet with a minimal amount of debt, and it's using that strength to take advantage of low asset prices, agreeing to acquire a competitor for just over $400 million.

The bottom line

Each of these five stocks offers a sustainable yield in excess of 5%. A portfolio consisting of all five equally would yield 6.5%, which is certainly much better than most other income options today.

Retirees, take notice.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. TSX:AIM (Aimia Inc.)
3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
4. TSX:BPF.UN (Boston Pizza Royalties Income Fund)
5. TSX:RSI (Rogers Sugar Inc.)
6. TSX:SPB (Superior Plus Corp.)

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