Retirees: 2 High-Yield Monthly Income Stocks for Your TFSA

Description

Canadian pensioners are searching for ways to boost the returns on their savings and put a bit of extra cash in their pockets each month.

One popular strategy is to hold dividend stocks and REITs in a Tax-Free Savings Account (TFSA).

Let’s take a look at **RioCan Real Estate Investment Trust** (TSX:REI.UN) and **Inter Pipeline Ltd.** (TSX:IPL) to see if they are attractive today.

RioCan

RioCan owns and operates about 300 shopping malls across Canada.

At first glance, you might think this is a risky business to be in today, given all the news about struggling retailers. It’s true that some department stores are having a tough time competing with online competitors, but RioCan’s client base is quite diverse, and demand for its facilities remains strong.

In fact, no single tenant represents more than 5% of revenue, and committed occupancy was 96.7% at the end of Q2 2017.

Operating income in the quarter increased 8.5% compared to Q2 2016, and the retention rate rose to 93.9% compared to 91.6% in the same period last year.

RioCan has a number of growth initiatives, including new retail space and the development of up to 10,000 residential properties at its top urban locations.

The unit price has come down amid fears that higher interest rates could have a large impact the company. RioCan has done a good job of reducing debt in the past year and should be positioned well to navigate a rising rate environment.

The monthly distribution currently provides a yield of 5.9%.

IPL

IPL owns natural gas liquids (NGL) extraction assets, conventional oil pipelines, oil sands pipelines, and a liquids storage business in Europe.

The stock is down with the broader pullback in the energy sector, but the sell-off might be a bit overdone.

IPL reported Q2 2017 funds from operations of $207 million, which was 5% higher than the same period last year.

Average throughput across all of its pipeline systems increased 11% year over year in the quarter, supported by strong volumes on the oil sands assets.

IPL has raised its dividend consistently through the downturn, and the company’s $3 billion development portfolio should boost revenue and cash flow in the coming years.

The monthly payout of $0.135 per unit provides an annualized yield of 7%.

Is one more attractive?

Both companies appear to be oversold today and provide distributions that should be safe.

IPL probably offers better dividend-growth prospects in the medium term, so I would likely make the energy infrastructure company the first choice.

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1. TSX:REI.UN (RioCan Real Estate Investment Trust)

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aswalker