



3 Excellent Income Stocks for Retirees

Description

Many retirees are turning to monthly dividend stocks to supplement their income, because GICs, term deposits, bonds, and other traditional sources of income yield next to nothing these days. With this in mind, let's take a closer look at three high-quality income stocks with yields of 6-8% that you could buy today.

Medical Facilities Corp.

Medical Facilities Corp. ([TSX:DR](#)), or MFC for short, owns controlling interests in five specialty surgical hospitals, an ambulatory surgery centre, and a diversified healthcare service company in the United States.

MFC pays a monthly dividend of \$0.09375 per share, equal to \$1.125 per share annually, and this gives it a 7.9% yield today.

It's also important to make the following two notes about MFC's dividend.

First, it has paid monthly dividends uninterrupted and without reduction since June 2011, including one increase of 2.2% in August 2012.

Second, I think the company's consistently strong generation of cash available for distribution (CAFD), including \$1.631 per share in 2016 and \$0.73 per share in the first half of 2017, and its sound dividend-payout ratio, including 77.5% in the first half of 2017, will allow it to continue to maintain its current dividend rate for many years to come.

TransAlta Renewables Inc.

TransAlta Renewables Inc. ([TSX:RNW](#)) is one of the largest owners and operators of clean energy infrastructure in North America and Australia, and it's the largest producer of wind power in Canada. As of June 30, its portfolio consisted of ownership interests in 18 wind facilities, 13 hydroelectric facilities, eight natural gas generation facilities, and one natural gas pipeline.

TransAlta pays a monthly dividend of \$0.07833 per share, equal to \$0.94 per share annually, which gives it a yield of about 6.6% today.

Investors must also make the following two notes about TransAlta's dividend.

First, it has raised its annual dividend payment for three consecutive years, and its 6.8% hike in July has it on track for 2017 to mark the fourth consecutive year with an increase.

Second, the company has a target dividend-payout range of 80-85% of its CAFD, so I think its consistent CAFD growth, including its 1.9% year-over-year increase to a comparable \$1.10 per share in 2016 and its 3.7% year-over-year increase to \$0.56 per share in the first half of 2017, will allow its streak of annual dividend increases to continue into the 2020s.

Plaza Retail REIT

Plaza Retail REIT ([TSX:PLZ.UN](https://www.tsx.com/stocks/PLZ/UN)) is one of Canada's largest owners and operators of retail real estate, including strip plazas, standalone small-box retail outlets, and enclosed shopping centres. As of June 30, its portfolio consisted of ownership interests in 296 properties that are located across eight provinces and total approximately 7.6 million square feet.

Plaza pays a monthly distribution of \$0.0225 per unit, equal to \$0.27 per unit annually, which gives it a 6% yield today.

It's also important to make the following two notes about Plaza's distribution.

First, the company has raised its annual distribution for 13 consecutive years, and its 3.8% hike which took effect in January has it on track for 2017 to mark the 14th consecutive year with an increase.

Second, I think its consistently strong growth of adjusted funds from operations (AFFO), including its 3.1% year-over-year increase to \$0.328 per unit in 2016 and its 16.2% year-over-year increase to \$0.165 per unit in the first half of 2017, and its greatly improved payout ratio, including 81.9% of its AFFO in the first half of 2017 compared with 92.4% in the same period in 2016, will allow its streak of annual dividend increases to continue for the foreseeable future.

Which of these top income stocks should you buy today?

I think Medical Facilities Corp., TransAlta Renewables, and Plaza Retail REIT would make great additions to any retiree's portfolio, so take a closer look and consider adding at least one of them to yours today.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:DR (Medical Facilities Corporation)
2. TSX:PLZ.UN (Plaza Retail REIT)

3. TSX:RNW (TransAlta Renewables)

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Date

2025/09/12

Date Created

2017/08/23

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