Retirees: 3 Monthly Dividend Stocks to Help Grow Your Savings

Description

Retirement income causes a lot of uncertainty for people because the biggest variable is how long a person will live. Even a well-contributed pension could run out of money at some point in time. However, one way you can continue to draw an income long after your pension has dried up is through dividend income from your investments. Dividends offer a great way for you to accumulate income without having to solely depend on your pension.

Below is a list of three dividend stocks in a variety of industries that offer yields of over 4%, have a history of growth, and are paid out monthly.

Pizza Pizza Royalty Corp. (TSX:PZA) currently pays its shareholders a dividend of 5.1% in installments that are paid monthly. The company owns the trademarks and trade names used by Pizza Pizza and Pizza 73 restaurants and earns a royalty income from the use of those assets. Pizza Pizza Royalty benefits from the success of the restaurants without incurring the costs related to managing those businesses. This business model allowed the company to achieve a profit margin of 76% in the last fiscal year.

Pizza Pizza Royalty has not raised its dividend this year, but since 2012 payouts have grown by 19%, which computes to a compounded annual growth rate (CAGR) of 3.5%. This is not a terribly high growth rate, but holding the stock for 10 years would mean the dividend could increase by 41% if the hikes continue at a similar pace.

Atrium Mortgage Investment Corp. (TSX:AI) is a non-bank lender that provides mortgages for both residential and commercial customers. The company's mortgages are diversified, so Atrium isn't overly exposed to any one market, especially as concerns over consumer debt and the risk of default rise.

The company pays a very generous dividend of just under 7.4% per year, which is also paid on a monthly basis. A high payout like that might generate concerns from investors, but payouts of just under $0.88 per share represent 91% of the company's earnings. Although the payout may seem high, the company has been able to grow its earnings for three straight years.

In the past year, dividend payments made up only 77% of the company's free cash flow, which gives you a more accurate picture of its ability to meet dividend payments than just earnings, which include non-cash items.

The company has increased its payouts every year since it started paying dividends and occasionally even issued an extra cash dividend as well. In a little under five years, Atrium's payout has grown by just under 10%.

Shaw Communications Inc. (TSX:SJR.B)(NYSE:SJR) has the lowest yield of the companies here with an annual payout of just 4.2%. Although the dividend is lower than the other companies, the telecommunications provider is a blue-chip stock with a lot of stability and growth in its future. In five years, dividend payments have grown by 22% for a CAGR of 4.1%. With the company's recent expansion into the mobile phone industry, it could see even more growth realized in the coming years as it diversifies its offerings.

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2. TSX:PZA (Pizza Pizza Royalty Corp.)
3. TSX:SJR.B (Shaw Communications)

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