



## Retirement Income: 5 Monthly Dividend Stocks to Pay Your Bills

### Description

Building a portfolio with stable retirement income becomes very important as we get closer to our golden age. One way to achieve this difficult goal is to invest in monthly dividend stocks to create your own passive-income stream.

I'm a big fan of stocks that send monthly dividend cheques. Monthly dividend income makes it much easier to sync your monthly expenses related to utilities, grocery shopping, and entertainment.

I'm not suggesting that you should invest in a company just because it pays a monthly dividend. A company's financial strength and its business fundamentals should still drive your decision to buy a stake in that company.

But there is no harm in picking some good-quality monthly dividend stocks. In this case, you will get a much better compounding when you reinvest dividends to buy more shares of those companies.

I often explain this phenomenon with this simple example to show you how you can inflate your portfolio by a monthly reinvestment plan: let's say you owned 1,000 shares of a \$10 stock at a 5% annual dividend. At the end of the year, you'll have earned 5% at \$500.

Let's assume you start getting monthly dividend for the same investment rather than annually. If you received monthly dividends, you could reinvest those dividends each month and earn 5.12% at \$511.62. This is assuming the company paying the dividend has a dividend-reinvestment plan set up.

With this theme in mind, I've selected some top dividend stocks from diversified sectors to help you build a monthly retirement income portfolio.

**Inter Pipeline Ltd.** (TSX:IPL) is an Alberta-based diversified energy transportation and storage company with a nine years of hiking payouts. With a 6.24% annual dividend yield, IPL pays monthly dividend of \$0.135 a share.

Pipeline operators are great cash distributors, as they get contracted fee from oil and gas producers for shipping energy products from point A to point B. IPL has increased its dividend ~9% annually over the

past five years.

**Shaw Communications Inc.** ([TSX:SJR.B](#))([NYSE:SJR](#)), a telecom operator in Canada, provides another avenue for you to get regular dividend cheques.

Income investors who are seeking a high monthly yield and a growth stock should consider Shaw adding to their portfolios. At its current share price of \$27.80, Shaw offers a 4.26% annual dividend yield. The company currently pays monthly dividend of \$0.09875 per share.

**First National Financial Corp.** ([TSX:FN](#)) is Canada's largest non-bank mortgage with \$100 billion in mortgages under administration. Despite this stellar growth, its shares are under pressure on worries related to the overheated housing market in Canada. FN trades at just over seven times earnings with a dividend yield of 6.9%.

**Pizza Pizza Royalty Corp.** ([TSX:PZA](#)) is one of my top picks for earning monthly dividend income. The stock pays \$0.0713 per share monthly dividend, or \$0.8556 annually, yielding 5% at the time of writing. This payout has increased since 2012 to reflect the strong quarterly results, positive same-store sales growth, and growth in the working capital reserve.

**Altagas Ltd.** ([TSX:ALA](#)) is another reliable monthly dividend payer, but its stock is suffering these days, as the company struggles to close its acquisition of the U.S.-based **WGL Holdings**. Some analysts think this deal will add more debt to the company's balance sheet and dilute the existing shareholders. If you are comfortable with taking this risky bet, then its 7.4% dividend yield looks very juicy.

## CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

## TICKERS GLOBAL

1. NYSE:SJR (Shaw Communications Inc.)
2. TSX:ALA (AltaGas Ltd.)
3. TSX:FN (First National Financial Corporation)
4. TSX:PZA (Pizza Pizza Royalty Corp.)
5. TSX:SJR.B (Shaw Communications)

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