



2 Monthly Income Stocks for Retirees

Description

Pensioners are searching for ways to boost the yield they get on their retirement savings.

This wasn't always an issue, but the era of low interest rates has reduced GIC yields to the point where investors are turning to alternative options.

What can retirees do?

One popular strategy to [increase returns](#) involves holding dividend stocks inside a TFSA. While most companies pay their dividends quarterly, there are stocks out there that serve up a nice payout every month.

Let's take a look at **Shaw Communications Inc.** ([TSX:SJR.B](#))([NYSE:SJR](#)) and **Altagas Ltd.** ([TSX:ALA](#)) to see why they might be interesting picks.

Shaw

Shaw finally decided to get into the mobile game when it bought Wind Mobile last year. The company rebranded the division as Freedom Mobile and is working through the process of turning it into a national player in the Canadian market.

The move gives Shaw the opportunity to offer customers a package of mobile, TV, and internet services, which should help the company stem subscriber losses on the cable side and potentially steal more internet customers from its competitors.

In order to help pay for the deal, Shaw sold its media operations to **Corus Entertainment**.

Some pundits questioned the wisdom of the move, but it could turn out to be better for investors, given the new Canadian pick-and-pay rules for TV subscription services.

Shaw's dividend provides an annualized yield of 4%.

Altagas

Altagas owns power, gas, and utility businesses in Canada and the United States. The stock has come down this year amid the broader pullback in the energy sector, and investors are concerned about the company's \$8.4 billion purchase of Washington-based **WGL Holdings**.

The WGL deal is expected to close next year, and Altagas is forecasting strong dividend growth once the assets are integrated in to the portfolio, but the market wants to see the company sell some non-core assets at decent prices to help cover the cost of the acquisition.

In the meantime, the existing assets are performing well, and Altagas just raised its dividend, so management can't be overly concerned about the revenue or cash flow outlook.

At the time of writing, investors can pick up a 7.5% yield on this stock.

Is one more attractive?

Altagas comes with more risk, but the existing dividend should be sustainable, and the company plans to boost the payout by at least 8% per year from 2019 to 2021 once the WGL deal is closed.

Shaw is likely the safer bet and provides a nice yield, but investors probably won't see much dividend growth in the near term due to the large capital expenditures required to build out the mobile division.

At this point, I would probably make Altagas the first choice for an income-focused portfolio.

CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:ALA (AltaGas Ltd.)
3. TSX:SJR.B (Shaw Communications)

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Date

2025/08/25

Date Created

2017/11/08

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