Canadian Retirees: 3 Monthly Income Stocks Yielding 5-7.5% for Your TFSA

Description

Retirees and other income investors are searching for ways to boost the returns they get from their savings.

This wasn't always a big issue, but GICs no longer provide sufficient yield, so many Canadians are now turning to stocks and taking advantage of the TFSA to protect distributions and capital gains.

The TFSA contribution room currently stands at $52,000. As a result, investors who use the vehicle to hold high-yield stocks are capable of earning some impressive additional income to supplement their pensions. All of the distribution are yours to keep, and in the event the holdings appreciate in value, the capital gains are also tax free.

Let's take a look at **The Keg Royalties Income Fund** (TSX:KEG.UN), **Altagas Ltd.** (TSX:ALA), and **Inter Pipeline Ltd.** (TSX:IPL) to see why they might be interesting picks.

The Keg

Anyone who enjoys a good steak has probably spent some time at a Keg restaurant.

The first location opened in the early 70s, and the chain has grown over the years to the point where 100 restaurants are currently in the royalty pool.

The high-end restaurant space is a competitive one, and The Keg has survived all these years by staying true to its core qualities: providing great food and exceptional service in a fun atmosphere.

Sales and income continue to grow at a slow and steady pace, rising 1.6% and 2.8%, respectively, in Q3 2017 compared to the same period last year.

Distributable cash easily covers the payouts, and investors who buy right now can pick up an annualized yield of about 5.7%.

Altagas

Altagas owns gas, utility, and power businesses in Canada and the United States. The company has grown through a mix of organic projects and strategic acquisitions, and that trend continues.

Altagas recently completed the expansion of its Townsend gas-processing facility and is making good progress on its North Pine and Ridley Island projects in British Columbia.

In addition, the company is working hard to close its $8.4 billion purchase of Washington D.C.-based WGL Holdings.

Existing assets are performing well, and Altagas recently bumped up its dividend by more than 4%.

Once the WGL deal is complete, management hopes to raise the dividend by at least 8% per year from 2019 to 2021.

At the time of writing, the annualized payout provides a yield of 7.4%.

Inter Pipeline Ltd.

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

Management took advantage of the oil downturn to add strategic assets at attractive prices, and the company is evaluating $3 billion in development projects that could be completed by the end of 2021.

IPL has raised its dividend in each of the past four years, and more gains should be on the way.

The latest dividend hike puts the monthly payout at $0.14 per share. That's good for an annualized yield of 6.1%.

Is one more attractive?

All three companies pay attractive monthly distributions that should be safe.

That said, Altagas looks oversold right now. The company just reported strong Q3 results, and new assets should support the dividend-growth guidance. If you can handle a bit of volatility until the WGL deal closes, I would probably make Altagas the first choice.

CATEGORY

1. Dividend Stocks
2. Investing

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1. TSX:ALA (AltaGas Ltd.)
2. TSX:KEG.UN (Keg Royalties Income Fund)

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Date
2025/08/19
Date Created

2017/12/05
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