

2 Safe Dividend Stocks to Earn High Monthly Income in 2018

Description

[Earning monthly dividend](#) is a great way to supplement your income. But this is not the only reason I love the stocks that pay you dividend every month.

Other appealing factors of investing in such stocks include better compounding if you plan to reinvest your dividends, as well as the backup they provide, that is, being able to pay the bills in case of job loss.

But when choosing a dividend stock, your main consideration should be the safety of your investment and the stability of your income. Here are two monthly dividend stocks that I think meet both of these requirements.

AltaGas

Many investors get confused when they see an extremely attractive dividend yield, which [AltaGas Ltd. \(TSX:ALA\)](#), a Calgary-based power and gas utility, is offering these days.

With a 7.35% annual dividend yield, AltaGas pays a \$0.1825-a-share monthly distribution, which comes to \$2.19 a share yearly. The amount of distribution has almost doubled during the past five years, and the company plans to hike it further by 8% each year through 2019.

But the main concern that has been hurting this stock since the beginning of this year is how AltaGas is going to fund its \$8.4 billion deal to buy U.S.-based **WGL Holdings, Inc.** ([NYSE:WGL](#)).

The \$8.4 billion deal, which is highly leveraged and requires a lot of financial engineering, is keeping a lot of investors on the sidelines. The company's shares have slid about 15% this year on these concerns.

However, I think AltaGas is well on track to successfully close this transaction during 2018, so this is a good time to take advantage of its juicy dividend yield. According to the financing plan the company announced a couple of months ago, AltaGas will fund the WGL deal with the proceeds from its \$2.6 billion subscription receipts, US\$3 billion from a bridge loan, and the rest from the sale of its assets.

First National Financial

First National Financial Corp. ([TSX:FN](#)) is my favourite financial stock. First National pays one of the highest monthly dividends with great growth potential.

With more than \$100 billion in mortgages under administration, First National is Canada's largest non-bank originator and underwriter of mortgages.

With a dividend yield of 6.5%, First National stock pays \$0.154 a share monthly dividend, which comes to \$1.8 on yearly basis.

This payout has grown about 42% during the past five years, and I don't see any reason why this growth can't continue in the future, especially when Canada's housing market remains strong and the central bank is forecast to raise interest rates.

Trading at \$28.40, First National shares are entering the new year with strong momentum after recovering from losses suffered in early 2017.

Which stock is better?

I think both stocks are good and safe picks to earn regular monthly income. If I have to pick one, then I will go for First National due to its leading position in the mortgage market. Altagas shares will tread in rough waters during the early part of 2018 as investors wait to see the outcome of its WGL acquisition.

CATEGORY

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

TICKERS GLOBAL

1. TSX:ALA (AltaGas Ltd.)
2. TSX:FN (First National Financial Corporation)

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