Heads Up, Retirees: 3 Top Monthly Income Stocks to Earn 6% in Your TFSA

Description

Canadian pensioners are searching for reliable dividend stocks and REITs to add to their TFSA monthly income portfolios.

Let's take a look at **Shaw Communications Inc.** (TSX:SJR.B)(NYSE:SJR), **RioCan Real Estate Investment Trust** (TSX:REI.UN), and **Inter Pipeline Ltd.** (TSX:IPL) to see why they might be interesting picks.

Shaw

Shaw embarked on a major transformation in 2016 when it sold Shaw Media and entered the wireless game with the purchase of Wind Mobile. The decision came as a surprise to many followers of the stock, as Shaw had long maintained it didn't want to get pulled into the mobile wars.

Two years later, the move appears to be a wise one. The mobile business, now called Freedom Mobile, is making inroads into the Canadian market and gives Shaw an important mobile offering to package with its TV and internet services. The company recently reported record wireless subscriber performance for fiscal Q2 2018. In fact, total consolidated revenue for the quarter rose 12.4% on a year-over-year basis, primarily driven by the wireless group.

The stock jumped from $24 per share to about $26.50 in the wake of the results and currently trades at $26. At this price, the monthly dividend provides an annualized yield of 4.6%.

Once Shaw gets through the bulk of its capital plan to expand the wireless division, investors should see a return to dividend growth.

RioCan

RioCan owns shopping malls across Canada. This might not sound like an appealing place to put your money these days with all the announcements of department store closings, but RioCan has a diverse tenant base, and demand for its properties remains robust. For example, the company has already found new renters to replace 130% of the revenue lost through the exit of Sears.

RioCan is shifting its focus to concentrate on six major markets, with a plan to build up to 10,000 residential units at its top urban locations. This could provide a nice boost to revenue and cash flow available for distributions in the coming years.

RioCan raised its monthly payout last fall to $0.12 per unit. At the time of writing, that's good for an annualized yield of 6.2%.

Management plans to sell 100 properties in secondary markets in the next two to three years and will use the funds to reduce debt and buy back trust units. The balance sheet is in decent shape, and the distribution looks safe.

IPL

IPL took advantage of the oil downturn to add strategic assets at attractive prices, including the $1.35 billion purchase of two natural gas liquids (NGL) extraction facilities. The deal also came with plans for a new development, and IPL recently gave the $3.5 billion Heartland Petrochemical Complex the green light.

Management expects the new facility to go into operation by the end of 2021 and says the company is targeting long-term annual EBITDA of $450-500 million from the site.

IPL raised its monthly dividend to $0.14 per share last November and reported record earnings for 2017.

The stock is down amid the broader pullback in the energy infrastructure sector, but the sell-off might be overdone. Investors who buy today can pick up a 7.2% yield.

The bottom line

Retirees searching for steady monthly distributions might want to consider Shaw, RioCan, and IPL today. The companies look undervalued, and an equal investment in the three names would generate an average yield of 6%.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:SJR (Shaw Communications Inc.)
2. TSX:REI.UN (RioCan Real Estate Investment Trust)
3. TSX:SJR.B (Shaw Communications)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date

2025/07/17
Date Created
2018/05/03
Author
aswalker